Consolidated income statement for the year ended 30 September 2023

	Notes	2023 £m	2023 £m	2022 £m	2022 £m
Revenue	2		**31,028**		25,512
Operating costs	3		**(29,193)**		(24,057)
Operating profit before joint ventures and associates			**1,835**		1,455
Share of results of joint ventures and associates	2, 14		**56**		45
Underlying operating profit[1]	2, 34	**2,122**		1,590	
Acquisition-related charges	3, 34	**(125)**		(92)	
Charges related to the strategic portfolio review	3, 34	**(99)**		–	
Other[2]	34	**(7)**		2	
Operating profit	2		**1,891**		1,500
Net gain/(loss) on sale and closure of businesses	27, 34		**20**		(7)
Finance income	5	**48**		11	
Finance expense	5	**(184)**		(111)	
Other financing items	5, 34	**(28)**		76	
Finance costs			**(164)**		(24)
Profit before tax			**1,747**		1,469
Income tax expense	6		**(429)**		(352)
Profit for the year			**1,318**		1,117
Attributable to					
Equity shareholders			**1,314**		1,113
Non-controlling interests			**4**		4
Profit for the year			**1,318**		1,117
Basic earnings per share	7		**75.4p**		62.6p
Diluted earnings per share	7		**75.3p**		62.6p

1. Operating profit excluding specific adjusting items (see note 34).
2. Other specific adjusting items include COVID-19 resizing credit, one-off pension charge and tax on share of profit of joint ventures (see note 34).

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 30 September 2023

	Notes	2023 £m	2022 £m
Profit for the year		**1,318**	1,117
Other comprehensive income			
Items that will not be reclassified to the income statement			
Remeasurement of post-employment benefit obligations	24	**27**	1,038
Return on plan assets, excluding interest income	24	**(271)**	(668)
Change in asset ceiling, excluding interest income	24	**5**	3
Change in fair value of financial assets at fair value through other comprehensive income	15	**94**	(133)
Tax credit/(charge) on items relating to the components of other comprehensive income		**30**	(65)
		(115)	175
Items that may be reclassified to the income statement			
Currency translation differences[1]		**(335)**	591
Reclassification of cumulative currency translation differences on sale of businesses	27	**(1)**	7
Tax credit on items relating to the components of other comprehensive income		**3**	–
		(333)	598
Total other comprehensive (loss)/income for the year		**(448)**	773
Total comprehensive income for the year		**870**	1,890
Attributable to			
Equity shareholders		**866**	1,886
Non-controlling interests		**4**	4
Total comprehensive income for the year		**870**	1,890

1. Includes a gain of £166m in relation to the effective portion of net investment hedges (2022: £190m loss).

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2023

		Attributable to equity shareholders					
	Notes	Share capital £m	Share premium £m	Other reserves[1] £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 October 2022		198	189	4,068	1,419	31	5,905
Profit for the year		–	–	–	1,314	4	1,318
Other comprehensive income							
Remeasurement of post-employment benefit obligations	24	–	–	–	27	–	27
Return on plan assets, excluding interest income	24	–	–	–	(271)	–	(271)
Change in asset ceiling, excluding interest income	24	–	–	–	5	–	5
Change in fair value of financial assets at fair value through other comprehensive income	15	–	–	–	94	–	94
Currency translation differences		–	–	(335)	–	–	(335)
Reclassification of cumulative currency translation differences on sale of businesses	27	–	–	(1)	–	–	(1)
Tax credit on items relating to the components of other comprehensive income	6	–	–	3	30	–	33
Total other comprehensive loss for the year		–	–	(333)	(115)	–	(448)
Total comprehensive (loss)/income for the year		–	–	(333)	1,199	4	870
Fair value of share-based payments	26	–	–	–	44	–	44
Change in fair value of non-controlling interest put options		–	–	13	–	–	13
Changes to non-controlling interests due to acquisitions and disposals		–	–	(2)	–	2	–
Reclassification of non-controlling interest put options reserve on exercise of put options		–	–	6	–	(6)	–
Cost of shares transferred to employees		–	–	26	(26)	–	–
Purchase of own shares – share buyback[2]		–	–	(1,004)	–	–	(1,004)
Purchase of own shares – employee share-based payments		–	–	(16)	–	–	(16)
Tax credit on items taken directly to equity	6	–	–	–	3	–	3
		198	189	2,758	2,639	31	5,815
Dividends paid to equity shareholders	8	–	–	–	(648)	–	(648)
Dividends paid to non-controlling interests		–	–	–	–	(6)	(6)
At 30 September 2023		198	189	2,758	1,991	25	5,161

1. Other reserves are analysed in note 25.
2. Including stamp duty and brokers' commission.

The accompanying notes form part of these consolidated financial statements.

	Notes	Attributable to equity shareholders Share capital £m	Share premium £m	Other reserves[1] £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 October 2021		198	189	4,262	242	28	4,919
Profit for the year		–	–	–	1,113	4	1,117
Other comprehensive income							
Remeasurement of post-employment benefit obligations	24	–	–	–	1,038	–	1,038
Return on plan assets, excluding interest income	24	–	–	–	(668)	–	(668)
Change in asset ceiling, excluding interest income	24	–	–	–	3	–	3
Change in fair value of financial assets at fair value through other comprehensive income	15	–	–	–	(133)	–	(133)
Currency translation differences		–	–	591	–	–	591
Reclassification of cumulative currency translation differences on sale of businesses	27	–	–	7	–	–	7
Tax charge on items relating to the components of other comprehensive income	6	–	–	–	(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	26	–	–	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 options 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[2]		–	–	(502)	–	–	(502)
Purchase of own shares – employee share-based payments		–	–	(6)	–	–	(6)
Transfer		–	–	(314)	314	–	–
		198	189	4,064	1,837	34	6,322
Dividends paid to equity shareholders	8	–	–	–	(418)	–	(418)
Dividends paid to non-controlling interests		–	–	–	–	(3)	(3)
Cost of shares transferred to employees		–	–	4	–	–	4
At 30 September 2022		198	189	4,068	1,419	31	5,905

1. Other reserves include the capital redemption and own shares reserves which were shown separately in 2022 (see note 25).
2. Including stamp duty and brokers' commission.

The accompanying notes form part of these consolidated financial statements.

Consolidated balance sheet at 30 September 2023

	Notes	30 September 2023 £m	2022 £m
Non-current assets			
Goodwill	9	**5,002**	5,119
Other intangible assets	10	**2,032**	1,960
Costs to obtain and fulfil contracts	11	**1,078**	1,106
Right-of-use assets	12	**813**	821
Property, plant and equipment	13	**955**	948
Interests in joint ventures and associates	14	**244**	270
Other investments	15	**860**	790
Post-employment benefit assets	24	**430**	581
Trade and other receivables	16	**253**	162
Deferred tax assets	6	**193**	230
Derivative financial instruments	20	**45**	76
Non-current assets		**11,905**	12,063
Current assets			
Inventories	17	**567**	511
Trade and other receivables	16	**4,174**	3,988
Tax recoverable		**89**	106
Cash and cash equivalents	18	**843**	1,983
Derivative financial instruments	20	**18**	71
		5,691	6,659
Assets held for sale	27	**4**	26
Current assets		**5,695**	6,685
Total assets		**17,600**	18,748
Current liabilities			
Borrowings	19	**(1,087)**	(693)
Lease liabilities	12	**(194)**	(194)
Derivative financial instruments	20	**(37)**	(6)
Provisions	23	**(233)**	(269)
Current tax liabilities		**(214)**	(245)
Trade and other payables	22	**(5,870)**	(5,626)
Current liabilities		**(7,635)**	(7,033)
Non-current liabilities			
Borrowings	19	**(2,283)**	(3,271)
Lease liabilities	12	**(751)**	(719)
Derivative financial instruments	20	**(207)**	(237)
Post-employment benefit obligations	24	**(806)**	(759)
Provisions	23	**(286)**	(310)
Deferred tax liabilities	6	**(108)**	(160)
Trade and other payables	22	**(363)**	(354)
Non-current liabilities		**(4,804)**	(5,810)
Total liabilities		**(12,439)**	(12,843)
Net assets		**5,161**	5,905
Equity			
Share capital	25	**198**	198
Share premium		**189**	189
Other reserves[1]	25	**2,758**	4,068
Retained earnings		**1,991**	1,419
Total equity shareholders' funds		**5,136**	5,874
Non-controlling interests		**25**	31
Total equity		**5,161**	5,905

1. Other reserves include the capital redemption and own shares reserves which were shown separately in 2022 (see note 25).

The accompanying notes form part of these consolidated financial statements.

Approved by the Board of Directors on 20 November 2023 and signed on its behalf by:

Dominic Blakemore, Director
Palmer Brown, Director

Consolidated cash flow statement for the year ended 30 September 2023

	Notes	2023 £m	2022 £m
Cash flow from operating activities			
Cash generated from operations	28	**2,687**	2,024
Interest paid		**(170)**	(96)
Tax received		**25**	31
Tax paid		**(466)**	(363)
Net cash flow from operating activities		**2,076**	1,596
Cash flow from investing activities			
Purchase of subsidiary companies	27	**(319)**	(263)
Purchase of interests in joint ventures and associates	14	**(7)**	(28)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs[1]	27	**47**	35
Purchase of intangible assets		**(215)**	(177)
Purchase of contract fulfilment assets	11	**(311)**	(218)
Purchase of property, plant and equipment		**(365)**	(282)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		**64**	37
Purchase of other investments	15	**(3)**	(42)
Proceeds from sale of other investments		**3**	3
Dividends received from joint ventures and associates	14	**49**	51
Interest received		**50**	10
Net cash flow from investing activities		**(1,007)**	(874)
Cash flow from financing activities			
Purchase of own shares – share buyback		**(929)**	(425)
Purchase of own shares – employee share-based payments		**(16)**	(6)
Increase in borrowings		**1**	677
Repayment of borrowings		**(438)**	(297)
Net cash flow from derivative financial instruments		**127**	(67)
Repayment of principal under lease liabilities		**(176)**	(152)
Purchase of non-controlling interests		**(8)**	(2)
Dividends paid to equity shareholders	8	**(648)**	(418)
Dividends paid to non-controlling interests		**(6)**	(3)
Net cash flow from financing activities	29	**(2,093)**	(693)
Cash and cash equivalents			
Net (decrease)/increase in cash and cash equivalents		**(1,024)**	29
Cash and cash equivalents at 1 October		**1,732**	1,656
Currency translation (losses)/gains on cash and cash equivalents		**(28)**	47
Cash and cash equivalents at 30 September		**680**	1,732
Cash and cash equivalents[2]	18	**843**	1,983
Bank overdrafts[2]	19	**(163)**	(251)
Cash and cash equivalents at 30 September		**680**	1,732

1. 2022 includes £15m of tax receipts in respect of prior year business disposals.
2. As per the consolidated balance sheet.

The accompanying notes form part of these consolidated financial statements.

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

1 Basis of preparation

Introduction

The consolidated financial statements of Compass Group PLC (the Company) have been prepared on a going concern basis, as discussed on page 151, in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

Consolidation

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

The consolidated financial statements consolidate the results of the Company and entities controlled by the Company (its subsidiaries), and include the Group's share of the results of its interests in joint ventures and associates using the equity method.

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.

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

The results of subsidiaries, joint ventures and associates 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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a 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.

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.

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.

Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out in the relevant notes. These policies have been applied consistently to all the years presented, unless otherwise stated.

Significant accounting policies are indicated by the following icon:

Significant accounting policy

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 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

The preparation of the consolidated financial statements requires management to make judgements in respect of the application of its accounting policies which impact the reported amounts of assets, liabilities, income and expenses.

Whilst there are no judgements that management considers to be critical in the preparation of these financial statements, there is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement (see note 11).

Estimates

The preparation of the consolidated financial statements requires management to make estimates which impact the reported amounts of assets, liabilities, income and expenses. These 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.

Sources of estimation uncertainty are indicated by the following icon:

Source of estimation uncertainty

Major sources of estimation uncertainty

The Group's major sources of estimation uncertainty are in relation to goodwill in the UK cash-generating unit and post-employment benefit obligations 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 (see notes 9 and 24, respectively).

Other sources of estimation uncertainty

In addition to the major sources of estimation uncertainty, tax has been identified as another source of estimation uncertainty. Whilst this is not considered to be a major source 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 (see note 6).

1 Basis of preparation continued

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 26). 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 51 and 52). 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 52).

Climate change considerations are indicated by the following icon:

Climate change

The potential impact of climate change and the Group's net zero commitments on the following areas has been considered:

- going concern (see below) and viability (see page 31) assessments
- tax (see note 6)
- goodwill (see note 9)
- other intangible assets (see note 10)
- post-employment benefits (see note 24)

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

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 55. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Financial review on pages 16 to 21.

The directors consider it appropriate to prepare the financial statements on a going concern basis for the reasons stated below.

At 30 September 2023, the Group's financing arrangements included sterling and Euro bonds (£2,353m) and US dollar US Private Placement (USPP) notes (£851m). In addition, the Group had Revolving Credit Facilities of £2,000m, committed to August 2026, which were fully undrawn, and £680m of cash, net of overdrafts. At the date of approving these consolidated financial statements, the liquidity position of the Group has remained substantially unchanged.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 31 March 2025 (the assessment period) from the most recent three-year strategic plan approved by the Board in November 2023. 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.

Debt maturities in the going concern period include a $352m (£288m) USPP note in October 2023, a €750m (£651m) Eurobond in July 2024 and a $100m (£82m) USPP note in December 2024.

The USPP notes are 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 2023. The Group's other financing arrangements do not contain any financial covenants.

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

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 Group's committed facilities would be reached in the event that underlying operating profit reduced by more than 60% of the strategic plan level. The directors do not consider this scenario to be likely. The stress test assumes no share buybacks or new business acquisitions as mitigating actions, with the exception of the acquisition of Hofmann Menü-Manufaktur GmbH which was agreed on 2 November 2023 subject to regulatory approval (see note 33).

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 2025 and, therefore, have prepared the financial statements on a going concern basis.

Climate change

Climate change and the Group's net zero commitments are not expected to have a material impact during the going concern period.

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

2 Segmental analysis

Significant accounting policy

Segmental information

The segmental information presented is consistent with management reporting provided to the Executive Committee (the chief operating decision maker). The Executive Committee monitors the underlying revenue and operating profit of its three geographical segments, North America, Europe and Rest of World, to assess performance and allocate resources. The Group also has a separate segment for central activities which includes costs in respect of central functions, including finance, legal, commercial, IT and human resources. Underlying revenue and operating profit are reconciled to GAAP measures below. Finance costs and income tax expense are managed on a Group basis.

Revenue

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

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.

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 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 not considered 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.

Revenue recognition

The Group recognises revenue when its performance obligations are satisfied as control of the goods and services is transferred to the client and/or consumers. In certain cases, clients engage the Group to provide food and support services in a single multi-service contract. Revenue is recognised 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.

For each performance obligation in 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 as the food and/or support services are rendered at the client site. 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. 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.

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. Specific adjusting items 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 34.

2 Segmental analysis continued

Revenue by sector and geographical segment[1,2]	Geographical segments North America £m	Europe £m	Rest of World £m	Total £m
Year ended 30 September 2023				
Business & Industry	**6,612**	**3,262**	**1,113**	**10,987**
Education	**4,486**	**1,014**	**210**	**5,710**
Healthcare & Senior Living	**6,077**	**1,107**	**424**	**7,608**
Sports & Leisure	**3,609**	**919**	**133**	**4,661**
Defence, Offshore & Remote	**308**	**736**	**1,271**	**2,315**
Underlying revenue[3,4]	**21,092**	**7,038**	**3,151**	**31,281**
Less: Share of revenue of joint ventures	**(19)**	**(234)**	**–**	**(253)**
Revenue	**21,073**	**6,804**	**3,151**	**31,028**
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

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 are 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 £2,386m (2022: £1,975m). Underlying revenue arising in the US region was £20,018m (2022: £16,274m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was £28,895m (2022: £23,796m).

Profit by geographical segment	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
Year ended 30 September 2023					
Underlying operating profit/(loss) before results of joint ventures and associates	**1,638**	**351**	**175**	**(98)**	**2,066**
Add: Share of profit before tax of joint ventures	**1**	**29**	**–**	**–**	**30**
Add: Share of results of associates	**14**	**12**	**–**	**–**	**26**
Underlying operating profit/(loss)[1]	**1,653**	**392**	**175**	**(98)**	**2,122**
Less: Acquisition-related charges[2]	**(72)**	**(46)**	**(7)**	**–**	**(125)**
Less: Charges related to the strategic portfolio review[2]	**–**	**(99)**	**–**	**–**	**(99)**
Less: One-off pension charge[2]	**–**	**(7)**	**–**	**–**	**(7)**
Operating profit/(loss)	**1,581**	**240**	**168**	**(98)**	**1,891**
Net gain on sale and closure of businesses[2]					**20**
Finance costs					**(164)**
Profit before tax					**1,747**
Income tax expense					**(429)**
Profit for the year					**1,318**

1. Operating profit excluding specific adjusting items (see note 34).
2. Specific adjusting item (see note 34).

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

2 Segmental analysis continued

Profit by geographical segment	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 charges[2]	(57)	(30)	(4)	(1)	(92)
Add/(less): Other[3]	4	(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 34).
2. Specific adjusting item (see note 34).
3. Other specific adjusting items include COVID-19 resizing credit and tax on share of profit of joint ventures (see note 34).

Assets and liabilities by geographical segment	Geographical segments			Unallocated			
	North America £m	Europe £m	Rest of World £m	Central activities £m	Current and deferred tax £m	Net debt £m	Total £m
At 30 September 2023							
Total assets	**9,935**	**4,688**	**1,151**	**638**	**282**	**906**	**17,600**
Total liabilities	**(4,808)**	**(1,611)**	**(784)**	**(355)**	**(322)**	**(4,559)**	**(12,439)**
Net assets/(liabilities)	**5,127**	**3,077**	**367**	**283**	**(40)**	**(3,653)**	**5,161**
Total assets include:							
Interests in joint ventures and associates	**61**	**183**	–	–	–	–	**244**
Non-current assets[1]	**7,167**	**3,398**	**484**	**618**	**193**	**45**	**11,905**
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

1. Non-current assets located in the UK, the Group's country of domicile, were £1,978m (2022: £1,927m). Non-current assets located in the US region were £6,703m (2022: £6,749m). Non-current assets located in all countries outside the UK in which the Group holds assets were £9,927m (2022: £10,136m).

2 Segmental analysis continued

Other segmental disclosures	Notes	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
Year ended 30 September 2023						
Additions to other intangible assets	10	**151**	**35**	**7**	**22**	**215**
Additions to contract fulfilment assets	11	**298**	**8**	**5**	**–**	**311**
Additions to right-of-use assets	12	**140**	**77**	**12**	**–**	**229**
Additions to property, plant and equipment	13	**214**	**111**	**40**	**–**	**365**
Amortisation of other intangible assets[1]	10	**141**	**55**	**10**	**4**	**210**
Amortisation of contract fulfilment assets	11	**225**	**3**	**3**	**–**	**231**
Depreciation of right-of-use assets	12	**78**	**73**	**11**	**1**	**163**
Depreciation of property, plant and equipment	13	**165**	**73**	**37**	**1**	**276**
Impairment losses – strategic portfolio review	3	**–**	**50**	**–**	**–**	**50**
Impairment losses – goodwill	9	**–**	**–**	**5**	**–**	**5**
Impairment losses – other non-current assets	3	**10**	**–**	**–**	**–**	**10**
Impairment reversals – non-current assets	3	**–**	**(2)**	**–**	**–**	**(2)**
Other non-cash items[2]	26	**19**	**9**	**4**	**12**	**44**
Assets held for sale	27	**–**	**–**	**4**	**–**	**4**
Year ended 30 September 2022						
Additions to other intangible assets	10	117	26	7	27	177
Additions to contract fulfilment assets	11	211	3	4	–	218
Additions to right-of-use assets	12	63	43	15	1	122
Additions to property, plant and equipment	13	166	84	34	–	284
Amortisation of other intangible assets[1]	10	124	51	11	5	191
Amortisation of contract fulfilment assets	11	208	3	3	–	214
Depreciation of right-of-use assets	12	70	74	11	1	156
Depreciation of property, plant and equipment	13	148	74	37	1	260
Impairment losses	3	5	10	–	–	15
Impairment reversals	3	–	(2)	–	(2)	(4)
Other non-cash items[2]	26	14	7	4	9	34
Assets held for sale	27	–	–	26	–	26

1. Including the amortisation of acquisition intangibles.
2. Other non-cash items represent share-based payment charges.

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

3 Operating costs

Operating costs	Notes	2023 £m	2022 £m
Food and materials			
Cost of inventories consumed		**8,651**	6,931
Labour			
Employee remuneration	4	**14,426**	12,163
Overheads			
Commissions and fees paid to clients		**1,379**	1,054
Expense relating to short-term leases, low-value assets and variable lease payments	12	**148**	122
Amortisation – other intangible assets	10	**110**	100
Amortisation – contract fulfilment assets	11	**231**	214
Depreciation – right-of-use assets	12	**163**	156
Depreciation – property, plant and equipment	13	**276**	260
Impairment losses – non-current assets		**10**	15
Impairment reversals – non-current assets		**(2)**	(4)
Net impairment losses – trade and other receivables	16	**35**	29
Acquisition-related charges (see below)[1]	34	**125**	92
Charges related to the strategic portfolio review (see below)[1]	34	**99**	–
COVID-19 resizing credit[1]	34	**–**	(4)
Audit and non-audit services (see below)		**8**	7
Other		**3,534**	2,922
Total		**29,193**	24,057

1. Specific adjusting item (see note 34).

Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity.

Acquisition-related charges	Notes	2023 £m	2022 £m
Amortisation – acquisition intangibles	10	**100**	91
Impairment losses – goodwill	9	**5**	–
Acquisition transaction costs	27	**17**	10
Adjustment to contingent consideration payable on business acquisitions		**3**	(9)
Total		**125**	92

Charges related to the strategic portfolio review

Represent charges in respect of an ongoing strategic review of the Group's portfolio of non-core activities which, during 2023, relate to site closures and contract renegotiations and terminations in the UK.

Charges related to the strategic portfolio review	Notes	2023 £m	2022 £m
Impairment – right-of-use assets	12	**44**	–
Write-off – other receivables		**21**	–
Onerous contracts and other costs – provisions	23	**20**	–
Other costs – other payables		**8**	–
Impairment – property, plant and equipment	13	**6**	–
Total		**99**	–

Audit and non-audit services

Audit and non-audit services	2023 £m	2022 £m
Fees payable for the audit of the Company and consolidated financial statements	**1.9**	1.8
Fees payable for the audit of the Company's subsidiaries and joint ventures	**5.8**	5.0
Audit services	**7.7**	6.8
Audit-related assurance	**0.3**	0.3
Non-audit services	**0.3**	0.3
Total	**8.0**	7.1

4 Employees

Average number of employees, including directors and part-time employees	2023	2022
North America	**276,378**	248,937
Europe	**172,198**	158,503
Rest of World	**113,884**	106,267
Total	**562,460**	513,707

Aggregate remuneration of all employees, including directors	Notes	2023 £m	2022 £m
Wages and salaries		**12,276**	10,285
Social security costs		**1,868**	1,645
Share-based payments	26	**44**	34
Pension costs – defined contribution plans	24	**208**	175
Pension costs – defined benefit plans	24	**30**	24
Total		**14,426**	12,163

In addition to the pension costs shown in operating costs above, there is an interest charge on net post-employment benefit obligations of £9m (2022: £12m).

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 97 to 126 and forms part of these accounts.

Remuneration of key management personnel[1]	2023 £m	2022 £m
Salaries	**8.3**	7.7
Other short-term employee remuneration	**11.2**	10.2
Share-based payments	**9.8**	6.1
Pension salary supplement	**0.4**	0.6
Total	**29.7**	24.6

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 58 to 64.

5 Finance costs

Significant accounting policy

Finance income and expenses are recognised in the income statement in the period in which they are incurred.

Finance costs	Notes	2023 £m	2022 £m
Interest on cash and cash equivalents		**43**	9
Other		**5**	2
Finance income		**48**	11
Interest on bank loans and overdrafts		**(2)**	(3)
Interest on other borrowings[1]		**(129)**	(68)
Interest on lease liabilities	12	**(41)**	(35)
Net present value adjustments	21, 23	**(12)**	(5)
Finance expense		**(184)**	(111)
Net gains on derivative financial instruments in a fair value hedge		**1**	3
Net (losses)/gains on derivative financial instruments at fair value through profit or loss		**(33)**	70
Change in fair value of investments at fair value through profit or loss	15	**(7)**	(5)
Dividends received from Rabbi Trust investments	15	**19**	20
Interest on net post-employment benefit obligations	24	**(9)**	(12)
Other		**1**	–
Other financing items[2]		**(28)**	76
Total		**(164)**	(24)

1. Includes interest expense on derivative financial instruments in a fair value hedge of £68m (2022: £19m income) and interest income on derivative financial instruments at fair value through profit or loss of £47m (2022: £2m).
2. Specific adjusting item (see note 34).

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

6 Tax

Significant accounting policy

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
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
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.

Other source of estimation uncertainty

The Group has operations in approximately 35 countries. The tax position in each country is often not agreed with the tax authorities until some time 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 historical experience, interpretations of tax law and the likelihood of settlement.

The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. 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, the calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates to be made of the extent to which future taxable profits are available against which these temporary differences can be utilised.

Uncertain tax positions
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, the Group assesses the range of potential outcomes and estimates whether additional tax may be due.

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

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 continued discussions with the tax authority and the provision, based on a range of possible outcomes, remains unchanged. Our maximum potential liability is £62m of tax and £17m of interest.

The Canadian Revenue Agency's enquiry into an intra-group financing arrangement has been resolved during the year consistent with the provision previously held.

The Group does not currently anticipate any material changes to the amounts recorded at 30 September 2023.

6 Tax continued

Other source of estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets of £193m (2022: £230m) include £84m (2022: £95m) relating to the carry forward of unused tax losses. It is considered probable that sufficient taxable profits over a period of between one and five years will be available against which the unused tax losses can be utilised. In evaluating whether sufficient taxable profits will be available in the future, forecasts have been derived from the most recent three-year strategic plan approved by management adjusted 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 assets would not be realised.

Climate change

Climate change and the Group's net zero commitments are not expected to have a material impact on taxable profits over the period during which deferred tax assets are expected to be utilised.

Income tax expense

Income tax expense	2023 £m	2022 £m
Current tax		
Current year	**485**	322
Adjustment in respect of prior years	**(39)**	28
Current tax expense	**446**	350
Deferred tax		
Current year	**(10)**	39
Impact of changes in statutory tax rates	**(1)**	2
Adjustment in respect of prior years	**(6)**	(39)
Deferred tax (credit)/charge	**(17)**	2
Total	**429**	352

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 22% (2022: 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 34 to the consolidated financial statements.

Reconciliation of effective tax rate	2023 £m	2022 £m
Profit before tax	**1,747**	1,469
Notional income tax expense at the effective UK statutory rate of 22% (2022: 19%) on profit before tax	**384**	279
Effect of different tax rates of subsidiaries operating in other jurisdictions	**59**	69
Impact of changes in statutory tax rates	**(1)**	2
Permanent differences	**30**	11
Tax on profit of joint ventures and associates	–	(1)
Losses and other temporary differences not previously recognised	**(1)**	–
Unrelieved current year tax losses	**3**	3
Prior year items	**(45)**	(11)
Income tax expense	**429**	352

Permanent differences include the current year movement in our estimated liability for uncertain tax positions, the benefit of tax credits and the tax effect of non-deductible expenditure. Prior year items relate to the reassessment of prior year tax estimates and the resolution of open items.

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 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 restructuring activities and the resolution of open issues with tax authorities.

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

6 Tax continued

Tax (credited)/charged to other comprehensive income

Tax (credited)/charged to other comprehensive income	2023 £m	2022 £m
Current and deferred tax (credit)/charge on actuarial and other movements on post-employment benefits	**(43)**	65
Deferred tax charge on change in fair value of financial assets at fair value through other comprehensive income	**13**	–
Current tax credit on foreign exchange movements	**(3)**	–
Total	**(33)**	65

Tax credited to equity

Tax credited to equity	2023 £m	2022 £m
Current and deferred tax credit on share-based payments	**(3)**	–
Total	**(3)**	–

Deferred tax

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 2021	(21)	(382)	96	90	72	273	128
(Charge)/credit 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
Credit/(charge) to income	**10**	**6**	**8**	**(9)**	**4**	**(2)**	**17**
Credit/(charge) to other comprehensive income/equity	–	–	**43**	–	–	**(12)**	**31**
Business acquisitions	–	**(18)**	–	–	–	**(1)**	**(19)**
Sale and closure of businesses	–	–	–	–	–	**(1)**	**(1)**
Reclassification	**4**	**(2)**	–	**1**	–	**(3)**	–
Exchange adjustment	**9**	**33**	**(19)**	**(3)**	**(8)**	**(25)**	**(13)**
At 30 September 2023	**(33)**	**(426)**	**102**	**84**	**90**	**268**	**85**

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	2023 £m	2022 £m
Deferred tax assets	**193**	230
Deferred tax liabilities	**(108)**	(160)
Net deferred tax asset	**85**	70

Deferred tax assets have not been recognised in respect of tax losses of £106m (2022: £323m) and other temporary differences of £21m (2022: £21m). Of the unrecognised tax losses, £50m (2022: £269m) will expire at various dates between 2024 and 2032. 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 £598m (2022: £636m) 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.

Regulatory developments

In December 2021, the OECD released a framework for Pillar Two Model Rules which will introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750m. The legislation implementing the rules in the UK will apply from the financial year ending 30 September 2025. The Group is reviewing this legislation and also monitoring the status of implementation of the model rules worldwide. The impact is not expected to be material. The Group has applied the temporary exception under IAS 12 Income Taxes in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two Model Rules.

7 Earnings per share

Significant accounting policy

Basic earnings per share is calculated based on profit for the year attributable to equity shareholders and the weighted average number of ordinary shares in issue during the year, which excludes shares held in treasury.

Diluted earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year adjusted to assume conversion of all the dilutive potential ordinary shares into ordinary shares.

Profit for the year attributable to equity shareholders	2023 £m	2022 £m
Profit for the year attributable to equity shareholders	**1,314**	1,113

Weighted average number of ordinary shares	2023 Ordinary shares of 11[1]/20p each millions	2022 Ordinary shares of 11[1]/20p each millions
Weighted average number of ordinary shares for basic earnings per share	**1,743**	1,779
Dilutive effect of share-based payment plans	**2**	–
Weighted average number of ordinary shares for diluted earnings per share	**1,745**	1,779

Earnings per share	2023 pence	2022 pence
Basic	**75.4p**	62.6p
Diluted	**75.3p**	62.6p

Underlying earnings per share for the year ended 30 September 2023 was 86.1p (2022: 63.0p). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition-related charges, charges related to the strategic portfolio review, COVID-19 resizing credit, 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 34).

8 Dividends

Significant accounting policy

Interim dividends are recognised in the financial statements when they are paid. Final dividends, which are subject to approval by the shareholders in a general meeting after the balance sheet date, are not included as a liability in the financial statements. Instead, they are disclosed as a post-balance sheet event and recognised in the financial statements when they are approved (see note 33).

A final dividend in respect of 2023 of 28.1p per share, £482m in aggregate[1], has been proposed, giving a total dividend in respect of 2023 of 43.1p per share (2022: 31.5p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8 February 2024.

Dividends on ordinary shares	2023 Dividends per share pence	2023 £m	2022 Dividends per share pence	2022 £m
Amounts recognised as distributions to equity shareholders during the year				
Final 2021	–	–	14.0	250
Interim 2022	–	–	9.4	168
Final 2022	**22.1**	**387**	–	–
Interim 2023	**15.0**	**261**	–	–
Total	**37.1**	**648**	23.4	418

1. Based on the number of ordinary shares in issue at 30 September 2023 excluding shares held in treasury and the Compass Group PLC All Share Schemes Trust (1,715m shares).

9 Goodwill

Significant accounting policy

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 the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the acquisition which is usually the geographical location of the operations of the Group. Goodwill is subsequently monitored and tested for impairment at the level at which it is allocated. Gains and losses on the disposal of businesses take account of the carrying amount of goodwill relating to the business sold, allocated where necessary on the basis of relative fair value, unless another method is determined to be more appropriate.

The recoverable amount of a CGU is determined based on value-in-use calculations. If the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised in the consolidated income statement which is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised in respect of goodwill is not subsequently reversed.

Major source of estimation uncertainty

The value in use of the UK CGU is estimated for the purposes of impairment testing based on assumptions, including the most recent three-year strategic plan approved by management, long-term growth rates and discount rates. A reasonably possible change in the assumptions used to derive this estimate could have a material effect on the carrying amount of goodwill in the UK CGU in the next 12 months. The key assumptions used in the value-in-use calculations, together with sensitivity analysis, are set out below.

Climate change

The potential impact of climate change and the Group's net zero commitments on forecast cash flows beyond the Group's three-year planning period has been considered during impairment testing by including in the sensitivity analysis assumptions consistent with the quantitative scenario analysis performed for the Task Force on Climate-Related Financial Disclosures (see pages 51 and 52).

Goodwill	2023 £m	2022 £m
Cost		
At 1 October	**5,664**	5,058
Business acquisitions	**184**	122
Sale and closure of businesses	**(27)**	(5)
Currency adjustment	**(292)**	489
At 30 September	**5,529**	5,664
Impairment		
At 1 October	**545**	508
Impairment	**5**	–
Currency adjustment	**(23)**	37
At 30 September	**527**	545
Net carrying amount		
At 30 September	**5,002**	5,119

Goodwill by business segment	2023 £m	2022 £m
US	**2,367**	2,498
Canada	**217**	219
North America	**2,584**	2,717
UK[1]	**1,538**	1,481
Finland	**124**	125
Other	**493**	506
Europe	**2,155**	2,112
Japan	**95**	107
Other	**168**	183
Rest of World	**263**	290
Total	**5,002**	5,119

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

9 Goodwill continued

Impairment testing

The key assumptions used in the value-in-use calculations are operating cash flow forecasts from the most recent three-year strategic plan approved by management adjusted to remove the expected benefits of future restructuring activities and improvements to assets, 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.

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 the country. Cash flow forecasts for a period of up to five years are used by exception to reflect the medium-term prospects of the business if the initial level of headroom in the impairment test for a country is low, with cash flows beyond five years extrapolated using estimated growth rates that 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. The beta and gearing ratio assumptions used in the calculation of the Group's WACC represent market participant measures based on the averages of a number of companies with similar assets.

	2023		2022	
Growth and discount rates	**Long-term growth rates**	**Pre-tax discount rates**	Long-term growth rates	Pre-tax discount rates
US	**2.1%**	**11.3%**	2.2%	9.2%
Canada	**2.1%**	**11.8%**	2.0%	9.6%
UK	**2.1%**	**11.7%**	2.3%	9.5%
Finland	**2.0%**	**9.4%**	1.4%	8.3%
Rest of Europe[1]	**1.2% – 16.4%**	**10.7% – 31.3%**	0.8% – 14.4%	8.2% – 27.5%
Japan	**1.0%**	**10.6%**	0.9%	8.2%
Rest of World	**1.8% – 4.3%**	**10.6% – 20.2%**	1.3% – 4.4%	7.9% – 16.1%

1. Rest of Europe includes Türkiye which has residual growth rate and pre-tax discount rate assumptions of 16.4% (2022: 14.4%) and 31.3% (2022: 27.5%), respectively. Excluding Türkiye, the residual growth rate and pre-tax discount rate assumptions for Rest of Europe range from 1.2% to 2.5% (2022: 0.8% to 2.7%) and 10.7% to 14.6% (2022: 8.2% to 11.7%), respectively.

During the first half of the year, a charge of £5m was recognised to fully impair the goodwill held in respect of the Group's business in China.

Consistent with prior years, the goodwill impairment testing was performed as at 31 July. Whilst the forecast performance of the Group's CGUs has improved, the level of headroom in each CGU has been impacted by an increase in discount rates which reflect the higher market interest rates this year. Subsequent to 31 July, management has considered whether there have been any indicators that the goodwill may be impaired. 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. 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 £186m (2022: £535m). 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.

	UK CGU	
Decrease in recoverable amount	**2023 £m**	2022 £m
Increase in pre-tax discount rate by 1%	**(199)**	(286)
Decrease in projected operating profit by 3%	**(63)**	(70)
Decrease in the long-term growth rate by 0.1%	**(19)**	(29)

In order for the recoverable amount to be equal to the carrying value, the pre-tax discount rate would have to be increased by 0.9% (2022: 2.1%), projected operating profit decreased by 9% (2022: 23%) or the long-term growth rate decreased to 1.0% (2022: decline of 0.1%). 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.

10 Other intangible assets

Significant accounting policy

Acquisition intangibles
Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition and mainly relate to client contracts and brands.

Client contract intangibles
Client contract intangibles are capitalised at cost and relate to payments made to clients, typically at the start of a contract, to obtain the right to generate significant consumer revenue through the provision of food services at the client site.

Computer software
Software licences acquired for use by the Group are capitalised at cost, including the cost of purchasing the licence and the directly attributable cost of bringing the software application to use.

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.

Trademarks and licences
Trademarks and licences are capitalised at cost.

Amortisation and impairment
The method of amortisation reflects the pattern in which the economic benefits of the asset are expected to be consumed. The following methods are applied:

- acquisition intangibles: straight line over the life of the contract, including the renewal period where appropriate. The typical useful lives range from 2 to 20 years.
- client contract intangibles: straight line over the life of the contract. The typical useful lives range from 3 to 5 years.
- computer software: straight line or a method which better reflects the pattern in which the economic benefits of the asset are expected to be consumed. The typical useful lives range from 3 to 10 years.
- trademarks and licences: straight line over the term of the trademark or licence.

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

Climate change

In the event that there are indicators of impairment in respect of long-life acquisition intangibles, the potential impact of climate change and the Group's net zero commitments on forecast cash flows beyond the Group's three-year planning period is considered during impairment testing by including in the sensitivity analysis assumptions consistent with the quantitative scenario analysis performed for the Task Force on Climate-Related Financial Disclosures (see pages 51 and 52).

10 Other intangible assets continued

Other intangible assets	Acquisition intangibles[1] £m	Client contract intangibles £m	Computer software £m	Trademarks and licences £m	Total £m
Cost					
At 1 October 2021	1,447	661	487	5	2,600
Additions	–	36	140	1	177
Disposals	(6)	(10)	(15)	(1)	(32)
Business acquisitions	140	–	–	–	140
Sale and closure of businesses	(1)	–	–	–	(1)
Reclassification	–	–	6	–	6
Currency adjustment	205	114	52	1	372
At 30 September 2022	1,785	801	670	6	3,262
Additions	–	**84**	**130**	**1**	**215**
Disposals	**(3)**	**(19)**	**(10)**	–	**(32)**
Business acquisitions	**221**	–	–	–	**221**
Sale and closure of businesses	**(18)**	**(2)**	**(6)**	–	**(26)**
Reclassification	–	**1**	**1**	**1**	**3**
Currency adjustment	**(121)**	**(70)**	**(29)**	–	**(220)**
At 30 September 2023	**1,864**	**795**	**756**	**8**	**3,423**
Amortisation					
At 1 October 2021	404	288	287	4	983
Charge for the year	91	59	41	–	191
Impairment	–	–	2	1	3
Disposals	(6)	(8)	(12)	(1)	(27)
Reclassification	–	–	5	2	7
Currency adjustment	62	53	30	–	145
At 30 September 2022	551	392	353	6	1,302
Charge for the year	**100**	**61**	**48**	**1**	**210**
Impairment	–	**8**	–	–	**8**
Disposals	**(2)**	**(18)**	**(7)**	–	**(27)**
Sale and closure of businesses	**(5)**	**(2)**	**(2)**	–	**(9)**
Reclassification	–	**1**	**(1)**	–	–
Currency adjustment	**(41)**	**(35)**	**(17)**	–	**(93)**
At 30 September 2023	**603**	**407**	**374**	**7**	**1,391**
Net book value					
At 30 September 2022	1,234	409	317	–	1,960
At 30 September 2023	**1,261**	**388**	**382**	**1**	**2,032**

1. The net book value of acquisition intangibles includes £192m (2022: £213m) in respect of the acquisition of Fazer Food Services in January 2020 relating to client contracts with remaining useful lives of between 7 and 15 years. There are no other individually significant items in other intangible assets.

11 Contract balances

Significant accounting policy

Contract fulfilment assets
Costs incurred in the fulfilment of the Group's obligations to the client under the contract include contributions towards service assets, such as kitchen and restaurant fit-out costs and equipment, which are capitalised as contract fulfilment assets. 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. 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.

Costs to obtain contracts
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 contracts that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

Amortisation and impairment
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 in operating costs.

Capitalised costs to obtain contracts are unwound over the life of the client contract as an expense.

Contract fulfilment assets and capitalised costs to obtain contracts are reviewed annually to identify indicators of impairment. Whenever impairment indicators exist, the Group determines the recoverability of the contract fulfilment assets and capitalised costs to obtain contracts 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.

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

Contract balances	Notes	2023 £m	2022 £m
Contract costs			
Contract fulfilment assets		**991**	1,024
Costs to obtain contracts		**87**	82
Costs to obtain and fulfil contracts		**1,078**	1,106
Contract assets			
Accrued income	16	**408**	362
Contract liabilities			
Deferred income	22	**(452)**	(475)
Other contract balances			
Contract prepayments	16	**145**	141
Trade receivables	16	**3,059**	2,939
Net contract balances		**4,238**	4,073

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.

11 Contract balances continued

Contract fulfilment assets

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	2023 £m	2022 £m
At 1 October	**1,024**	866
Additions	**311**	218
Derecognition	**(24)**	(13)
Amortisation charge for the year	**(231)**	(214)
Impairment	**–**	(3)
Reclassification	**(2)**	(1)
Currency adjustment	**(87)**	171
At 30 September	**991**	1,024

No impairment losses were recognised on contract fulfilment assets during the year (2022: £3m).

With the exception of contract fulfilment assets, cash payments in respect of contract balances are classified as cash flows from operating activities. There is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement. The Group classifies additions to contract fulfilment assets 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 was £311m (2022: £218m).

12 Leases

Significant accounting policy

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 contract is or contains a lease, the Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date 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 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.

Right-of-use assets
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.

Depreciation and impairment
The right-of-use asset is 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.

Lease liabilities
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 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 commencement 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

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.

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.

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.

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 Leases continued

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 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
Additions	**127**	**101**	**1**	**229**
Amendments[1]	**35**	**1**	–	**36**
Depreciation charge for the year	**(103)**	**(59)**	**(1)**	**(163)**
Impairment – strategic portfolio review (see note 3)	**(44)**	–	–	**(44)**
Impairment – other	**(1)**	–	–	**(1)**
Sale and closure of businesses	**(3)**	**(5)**	–	**(8)**
Reclassification	**(3)**	**(11)**	–	**(14)**
Currency adjustment	**(25)**	**(18)**	–	**(43)**
At 30 September 2023	**561**	**251**	**1**	**813**

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

Lease liabilities

Lease liabilities	2023 £m	2022 £m
Current	**194**	194
Non-current	**751**	719
Total	**945**	913

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented in note 20.

Income statement

Amounts recognised in the income statement	2023 £m	2022 £m
Leases of low-value assets, excluding short-term leases of low-value assets	**44**	37
Short-term leases	**88**	69
COVID-19 rent concessions	–	(2)
Variable lease payments	**16**	18
Expense relating to short-term leases, low-value assets and variable lease payments	**148**	122
Depreciation expense of right-of-use assets	**163**	156
Impairment – strategic portfolio review (see note 3)	**44**	–
Impairment – other	**1**	4
Impairment reversal	–	(3)
Interest on lease liabilities	**41**	35
Total	**397**	314

Cash flow statement

The Group had total cash outflows for leases of £217m (2022: £187m), comprising £41m (2022: £35m) of interest in cash flow from operating activities and £176m (2022: £152m) of principal in cash flow from financing activities. The Group has various non-cancellable lease contracts that had not yet commenced at 30 September 2023. The future lease payments for these non-cancellable lease contracts are £2m within one year (2022: £3m), £13m between one and five years (2022: £15m) and £21m thereafter (2022: £18m).

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

13 Property, plant and equipment

Significant accounting policy

Freehold land is carried at cost and is not depreciated. All other property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value. When assets are sold, the difference between the sales proceeds and the carrying amount of the assets is recognised in the consolidated income statement.

Depreciation and impairment
Depreciation is provided on a straight-line basis over the anticipated useful lives of the assets. The following rates are applied for the Group: freehold buildings: 2% per annum; plant and machinery: 8% to 33% per annum; and fixtures and fittings: 8% to 33% per annum.

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

Property, plant and equipment	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 October 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
Additions	**27**	**248**	**90**	**365**
Disposals	**(25)**	**(142)**	**(52)**	**(219)**
Business acquisitions	**5**	**17**	**1**	**23**
Sale and closure of businesses	**(3)**	**(56)**	**(14)**	**(73)**
Reclassification	**2**	**13**	**2**	**17**
Currency adjustment	**(29)**	**(124)**	**(34)**	**(187)**
At 30 September 2023	**376**	**1,842**	**817**	**3,035**
Depreciation				
At 1 October 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
Charge for the year	**22**	**186**	**68**	**276**
Impairment – strategic portfolio review (see note 3)	–	**2**	**4**	**6**
Impairment – other	–	**1**	–	**1**
Impairment reversal	–	**(2)**	–	**(2)**
Disposals	**(16)**	**(115)**	**(59)**	**(190)**
Sale and closure of businesses	**(3)**	**(41)**	**(11)**	**(55)**
Reclassification	**(1)**	**5**	–	**4**
Currency adjustment	**(17)**	**(78)**	**(26)**	**(121)**
At 30 September 2023	**233**	**1,235**	**612**	**2,080**
Net book value				
At 30 September 2022	151	609	188	948
At 30 September 2023	**143**	**607**	**205**	**955**

14 Interests in joint ventures and associates

Significant accounting policy

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 joint operations. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

An associate is an undertaking that is not a subsidiary or joint arrangement over which the Group has significant influence and can participate in financial and operating policy decisions.

Joint ventures and associates are accounted for using the equity method. The consolidated income statement includes the Group's share of the results of joint ventures and associates and the consolidated balance sheet includes the Group's share of their net assets.

Investments in associates include goodwill identified on acquisition and are carried in the consolidated 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.

Interests in joint ventures and associates	2023 £m	2022 £m
Net book value		
At 1 October	**270**	256
Additions	**7**	28
Step acquisitions	**(24)**	–
Share of results of joint ventures	**30**	27
Share of results of associates	**26**	18
Transfer to held for sale[1]	**(5)**	(27)
Dividends received	**(49)**	(51)
Currency adjustment	**(11)**	19
At 30 September	**244**	270
Comprised of		
Interests in joint ventures	**85**	85
Interests in associates	**159**	185
Total	**244**	270

1. At 30 September 2023, £4m is held for sale after £1m of adverse exchange translation (see note 27).

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 2023 £m	Carrying amount 2022 £m
Twickenham Experience Limited[1]	Associate	40%	UK	**79**	79
Abu Dhabi National Hotels Compass Middle East LLC	Joint venture	50%	UAE	**65**	73

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 36).

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.

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

15 Other investments

Significant accounting policy

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 consolidated 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.

Other investments	Notes	2023 £m	2022 £m
Net book value			
At 1 October		**790**	166
Additions		**3**	42
Transfer from post-employment benefit obligations	24	–	546
Disposals		**(3)**	(3)
Change in fair value of investments at fair value through other comprehensive income		**94**	(133)
Change in fair value of investments at fair value through profit or loss	5	**(7)**	(5)
Rabbi Trust contributions[1]		**74**	61
Rabbi Trust benefits paid[1]		**(44)**	(44)
Dividends received from Rabbi Trust investments[1]	5	**19**	20
Currency adjustment		**(66)**	140
At 30 September		**860**	790
Comprised of			
Rabbi Trust investments[1]		**623**	566
Mutual fund investments[2]		**48**	52
Life insurance policies[2]		**29**	33
Trade investments[3]		**148**	127
Other investments		**12**	12
Total		**860**	790

1. The Rabbi Trust is a deferred compensation plan for US employees (see note 24).
2. Held by overseas companies to meet the cost of unfunded post-employment benefit obligations (see page 193).
3. Primarily represents a 19% effective interest in ASM Global Parent, Inc.

The gain from the change in fair value of investments at fair value through other comprehensive income of £94m (2022: £133m loss) mainly reflects an increase in the market value of investments held by the Rabbi Trust and the fair value of trade investments.

16 Trade and other receivables

Significant accounting policy

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.

Trade and other receivables	2023 Current £m	2023 Non-current £m	2023 Total £m	2022 Current £m	2022 Non-current £m	2022 Total £m
Trade receivables	**3,059**	**–**	**3,059**	2,939	–	2,939
Accrued income	**408**	**–**	**408**	362	–	362
Prepayments – contract	**26**	**119**	**145**	35	106	141
Prepayments – other	**134**	**3**	**137**	153	3	156
Deferred consideration receivable on business disposals[1]	**5**	**59**	**64**	–	10	10
Other[2]	**542**	**72**	**614**	499	43	542
Total	**4,174**	**253**	**4,427**	3,988	162	4,150

1. Includes £55m (2022: £nil) in respect of the sale of four businesses in Central and Eastern Europe receivable over four years from the date of disposal in October 2022.
2. Other receivables are net of a provision for impairment of £45m (2022: £53m).

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

Trade receivables (2023)	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%**	**3%**	**33%**	**89%**	**74%**	**3%**
Gross	**2,590**	**441**	**64**	**18**	**39**	**3,152**
Provision	**(14)**	**(13)**	**(21)**	**(16)**	**(29)**	**(93)**
Total	**2,576**	**428**	**43**	**2**	**10**	**3,059**

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	2,434	489	54	17	41	3,035
Provision	(11)	(18)	(15)	(17)	(35)	(96)
Total	2,423	471	39	–	6	2,939

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

Provision for impairment of trade and other receivables	2023 Trade £m	2023 Other £m	2023 Total £m	2022 Trade £m	2022 Other £m	2022 Total £m
At 1 October	**96**	**53**	**149**	77	43	120
Charged to income statement	**36**	**14**	**50**	28	9	37
Credited to income statement	**(8)**	**(7)**	**(15)**	(5)	(3)	(8)
Utilised	**(25)**	**(13)**	**(38)**	(21)	(1)	(22)
Sale and closure of business	**(1)**	**–**	**(1)**	–	–	–
Reclassification	**2**	**(1)**	**1**	9	–	9
Currency adjustment	**(7)**	**(1)**	**(8)**	8	5	13
At 30 September	**93**	**45**	**138**	96	53	149

Trade receivable days at 30 September 2023 were 41 days (2022: 38 days on a constant-currency basis).

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

17 Inventories

Significant accounting policy

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.

Agreed discounts relating to inventories are credited to the income statement in 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.

Inventories	2023 £m	2022 £m
Net book value		
At 1 October	**511**	327
Business acquisitions	**11**	6
Sale and closure of businesses	**(9)**	–
Net movement	**97**	122
Currency adjustment	**(43)**	56
At 30 September	**567**	511

18 Cash and cash equivalents

Significant accounting policy

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 in cash and cash equivalents when the Group has a legally enforceable right to set off the balances and it regularly settles the balances on a net basis.

Bank overdrafts classified as borrowings (see note 19) are an integral part of the Group's cash management and are included in cash and cash equivalents in the consolidated cash flow statement.

Cash and cash equivalents by type	2023 £m	2022 £m
Cash at bank and in hand	**313**	429
Short-term bank deposits	**112**	1,080
Money market funds	**418**	474
Total	**843**	1,983

Cash and cash equivalents by currency	2023 £m	2022 £m
Sterling	**574**	1,473
US dollar	**38**	193
Euro	**37**	50
Japanese yen	**6**	7
Other	**188**	260
Total	**843**	1,983

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 20. 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:

	2023			2022		
	Gross £m	Offset £m	Net £m	Gross £m	Offset £m	Net £m
Cash and cash equivalents	**1,399**	**(556)**	**843**	2,378	(395)	1,983
Bank overdrafts	**(719)**	**556**	**(163)**	(646)	395	(251)

19 Borrowings

Significant accounting policy

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.

Borrowings by type	Nominal value	Redeemable	Interest	2023 £m	2022 £m
Eurobond	€500m	Jan 2023	1.88%	–	439
US Private Placement	$352m	Oct 2023	4.12%	**288**	310
Eurobond	€750m	Jul 2024	0.63%	**633**	632
US Private Placement	$100m	Dec 2024	3.54%	**82**	89
Eurobond	£250m	Sep 2025	2.00%	**231**	220
US Private Placement	$300m	Sep 2025	3.81%	**235**	259
Eurobond	£250m	Jun 2026	3.85%	**249**	249
US Private Placement	$300m	Dec 2026	3.64%	**246**	269
Eurobond	€500m	Sep 2028	1.50%	**375**	380
Eurobond	£300m	Jul 2029	2.00%	**245**	233
Eurobond	€500m	Mar 2030	3.00%	**398**	412
Eurobond	£250m	Sep 2032	4.38%	**222**	218
Issued debt				**3,204**	3,710
Bank loans				**3**	3
Bank overdrafts				**163**	251
Total				**3,370**	3,964
Comprised of					
Current				**1,087**	693
Non-current				**2,283**	3,271
Total				**3,370**	3,964

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.

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

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

19 Borrowings continued

Borrowings by maturity	2023 £m	2022 £m
Within 1 year, or on demand	**1,087**	693
Between 1 and 2 years	**548**	942
Between 2 and 3 years	**249**	568
Between 3 and 4 years	**246**	249
Between 4 and 5 years	**375**	269
In more than 5 years	**865**	1,243
Total	**3,370**	3,964

Borrowings by currency	2023 £m	2022 £m
Sterling	**948**	920
US dollar	**1,008**	1,175
Euro	**1,406**	1,863
Other	**8**	6
Total	**3,370**	3,964

Financial 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.

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]	
		2023	2022	2023	2022
Leverage covenant	<=3.5	**1.2**	1.3	**1.0**	1.0
Interest cover covenant	>=3	**21.8**	23.7	**27.6**	33.4

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 34). 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 34) and adjusted as per the USPP agreements.

20 Financial risk management

Significant accounting policy

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.

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

20 Financial risk management continued

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 2023 shows that the average period to maturity is 3.3 years (2022: 3.9 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 Revolving Credit Facility (RCF) committed to August 2026. At 30 September 2023, no amounts were drawn under the RCF (2022: £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 2023, no commercial paper was outstanding under the programme (2022: £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.

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.

	2023		2022	
Financial instruments: impact of sterling strengthening by 10%	**US dollar £m**	**Euro £m**	US dollar £m	Euro £m
Increase/(decrease) in profit for the year (after tax)	**14**	**(19)**	1	(26)
Increase in total equity	**136**	**95**	145	48

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 (£434m) 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 proceeds of the bonds have to be allocated to expenditure on Eligible Sustainable Projects in line with the Compass Group Sustainable Financing Framework during the three years before, and two years after, the date of issue.

20 Financial risk management continued

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 £1m (2022: £7m) 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.

	2023				
Interest rate sensitivity analysis	**Sterling £m**	**US dollar £m**	**Euro £m**	**Other £m**	**Total £m**
Increase in interest rate	**+1%**	**+1%**	**+1%**	**+1%**	
Floating rate exposure – cash/(debt)	**225**	**(170)**	**(24)**	**76**	**107**
Increase/(decrease) in profit for the year (after tax)	**2**	**(1)**	**–**	**–**	**1**

	2022				
Interest rate sensitivity analysis	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

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.

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 2023, 41% of cash and cash equivalents were held with investment-grade bank counterparties, 50% with AAA money market funds and 9% with non-investment-grade bank counterparties. In addition, 100% of derivative instruments were 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 2023, trade receivables of £483m (2022: £516m) were past due but not impaired (see note 16). 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.

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

20 Financial risk management continued

Hedging activities

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

Derivative financial instruments	2023 Current assets £m	2023 Non-current assets £m	2023 Current liabilities £m	2023 Non-current liabilities £m	2022 Current assets £m	2022 Non-current assets £m	2022 Current liabilities £m	2022 Non-current liabilities £m
Fair value hedges								
Interest rate swaps	–	–	(26)	(116)	–	–	–	(154)
Cross currency swaps	–	–	–	(88)	43	–	–	(82)
Net investment hedges								
Cross currency swaps	–	–	–	(1)	–	–	–	–
Forward currency contracts	2	–	(9)	–	18	–	–	–
Not in a hedging relationship								
Interest rate swaps	9	45	–	(2)	5	76	(3)	(1)
Forward currency contracts	7	–	(2)	–	5	–	(3)	–
Total	**18**	**45**	**(37)**	**(207)**	71	76	(6)	(237)

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.

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, cross currency swaps 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 £697m (2022: £909m). A foreign exchange gain of £166m (2022: £190m loss) 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. During the year, cumulative foreign exchange losses on net investment hedges attributable to business disposals of £3m (2022: £nil) were recycled to the consolidated income statement. 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 £605m (2022: £774m) and for which hedge accounting is no longer applied is £nil (2022: £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:

Hedged items	2023 Carrying amount of the hedged items £m	2023 Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items £m	2023 Change in fair value of hedged items used to determine hedge effectiveness £m	2022 Carrying amount of the hedged items £m	2022 Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items £m	2022 Change in fair value of hedged items used to determine hedge effectiveness £m
Fair value hedges						
Interest rate risk						
Short-term borrowings	(921)	17	(11)	(439)	–	10
Long-term borrowings	(1,706)	195	(15)	(2,664)	238	310
Total	**(2,627)**	**212**	**(26)**	(3,103)	238	320

20 Financial risk management continued

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

Hedging instruments	2023 Nominal amount of the hedging instruments £m	2023 Carrying amount of the hedging instruments £m	2023 Change in fair value of hedging instruments used to determine hedge effectiveness £m	2022 Nominal amount of the hedging instruments £m	2022 Carrying amount of the hedging instruments £m	2022 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)
Derivative financial instruments – current liabilities	**939**	**(26)**	**(17)**	–	–	–
Derivative financial instruments – non-current liabilities	**1,914**	**(204)**	**44**	2,920	(236)	(252)
Total	**2,853**	**(230)**	**27**	3,359	(193)	(317)
Net investment hedges						
Foreign currency risk						
Derivative financial instruments – current assets	**(874)**	**2**	**65**	(804)	18	5
Derivative financial instruments – non-current assets	**(252)**	–	–	–	–	–
Derivative financial instruments – current liabilities	**(383)**	**(9)**	–	(74)	–	(38)
Derivative financial instruments – non-current liabilities	**(176)**	**(1)**	–	–	–	–
Short-term borrowings	**(288)**	**(288)**	**27**	–	–	(2)
Long-term borrowings	**(404)**	**(401)**	**74**	(942)	(927)	(155)
Total	**(2,377)**	**(697)**	**166**	(1,820)	(909)	(190)

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	2023 Fair value hedges £m	2023 Net investment hedges £m	2023 Not in a hedging relationship £m	2022 Fair value hedges £m	2022 Net investment hedges £m	2022 Not in a hedging relationship £m
Sterling	**800**	–	**250**	800	–	550
US dollar	**534**	–	**1,167**	584	–	1,230
Euro	**1,519**	**428**	**397**	1,975	–	347
Japanese yen	–	–	**75**	–	–	36
Other	–	–	**485**	–	–	252
Total	**2,853**	**428**	**2,374**	3,359	–	2,415

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	2023 Gross borrowings £m	2023 Lease liabilities £m	2023 Forward currency contracts[1] £m	2023 Effective currency of borrowings £m	2022 Gross borrowings £m	2022 Lease liabilities £m	2022 Forward currency contracts[1] £m	2022 Effective currency of borrowings £m
Sterling	**948**	**214**	**(702)**	**460**	920	216	748	1,884
US dollar	**1,008**	**451**	**684**	**2,143**	1,175	445	627	2,247
Euro	**1,406**	**151**	**(633)**	**924**	1,863	147	(1,690)	320
Japanese yen	–	–	**85**	**85**	–	–	30	30
Other	**8**	**129**	**585**	**722**	6	105	230	341
Total	**3,370**	**945**	**19**	**4,334**	3,964	913	(55)	4,822

1. Includes cross currency contracts.

20 Financial risk management continued

Interest rate benchmark reform

The Group and all its derivative counterparties are party to the International Swaps and Derivatives Association (ISDA) fallback protocols which automatically convert derivatives from IBOR to the relevant alternative reference rate when an IBOR rate ceases. As USD LIBOR ceased on 30 June 2023, there is no longer any uncertainty around derivatives which reference USD LIBOR and, therefore, the Group has adopted the IBOR Reform Phase 2 amendments in respect of these derivatives and redocumented its hedges to incorporate the change from USD LIBOR to USD SOFR. The Group's interest rate benchmark reform process is now complete.

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.

	2023							
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	**1,105**	**578**	**250**	**246**	**434**	**984**	**3,597**	**3,370**
Interest on borrowings	**83**	**72**	**56**	**44**	**37**	**87**	**379**	**37**
Lease liabilities	**200**	**175**	**155**	**127**	**102**	**424**	**1,183**	**945**
Interest rate swaps	**18**	**24**	**15**	**13**	**12**	**19**	**101**	**90**
Cross currency swaps	**25**	**29**	**25**	**27**	**45**	**2**	**153**	**89**
Forward currency contracts	**2**	**–**	**–**	**–**	**–**	**–**	**2**	**2**

	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)

21 Financial instruments

Significant accounting policy

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.

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 2023 is £3,370m (2022: £3,964m). The fair value of borrowings at 30 September 2023, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments (Level 2 inputs), is £3,384m (2022: £3,920m).

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 2023 or 2022. The carrying amounts of financial instruments measured at fair value are shown in the table below:

Financial instruments measured at fair value	Notes	Level	2023 £m	2022 £m
Non-current				
Rabbi Trust investments[1]	15	1	**623**	566
Mutual fund investments[1]	15	1	**48**	52
Other investments[1]	15	1	**12**	12
Life insurance policies[1]	15	2	**29**	33
Derivative financial instruments – assets	20	2	**45**	76
Derivative financial instruments – liabilities	20	2	**(207)**	(237)
Trade investments[1]	15	3	**148**	127
Contingent consideration payable on business acquisitions[2]	22	3	**(80)**	(39)
Non-controlling interest put options[2]	22	3	**(18)**	(45)
Current				
Money market funds[3]	18	1	**418**	474
Derivative financial instruments – assets	20	2	**18**	71
Derivative financial instruments – liabilities	20	2	**(37)**	(6)
Contingent consideration payable on business acquisitions[2]	22	3	**(50)**	(30)

1. Classified as other investments in the consolidated balance sheet.
2. Classified as trade and other payables in the consolidated balance sheet.
3. 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.

21 Financial instruments continued

Due to the variability of the valuation factors, the fair values presented at 30 September 2023 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.

Level 3

Trade investments Estimated values using income and market value approaches.

Contingent consideration payable on business acquisitions Estimated amounts payable based on the likelihood of specified 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:

	2023			2022		
Level 3 financial instruments	Trade investments £m	Contingent consideration payable on business acquisitions £m	Non-controlling interest put options £m	Trade investments £m	Contingent consideration payable on business acquisitions £m	Non-controlling interest put options £m
At 1 October	127	(69)	(45)	76	(70)	(38)
Change in fair value recognised in the income statement	–	(3)	–	–	9	–
Change in fair value recognised in the statement of comprehensive income	32	–	–	4	–	–
Change in fair value recognised in the statement of changes in equity	–	–	13	–	–	(9)
Additions	–	(100)	(2)	27	(66)	–
Purchase of non-controlling interests	–	–	8	–	–	–
Payments relating to businesses acquired in previous years	–	38	3	–	60	10
Net present value adjustments	–	(5)	–	–	–	–
Currency translation	(11)	9	5	20	(2)	(8)
At 30 September	**148**	**(130)**	**(18)**	**127**	**(69)**	**(45)**

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.

22 Trade and other payables

Significant accounting policy

Trade and other payables are initially recognised at fair value, including transaction costs, and subsequently carried at amortised cost.

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

The Group evaluates supplier arrangements against a number of indicators to assess if the liability has the characteristics of a trade payable or should be classified as borrowings. This assessment considers the commercial purpose of the arrangement, whether the payment terms are similar to customary payment terms, whether the Group is legally discharged from its obligation towards the supplier before the end of the original payment term and the Group's involvement in agreeing terms between the bank and the supplier.

Contingent consideration recognised in a business combination is subsequently measured at fair value through the income statement.

	2023			2022		
Trade and other payables	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Trade payables	2,409	–	2,409	2,292	–	2,292
Accruals[1]	2,019	23	2,042	1,999	28	2,027
Deferred income	284	168	452	305	170	475
Social security and other taxes	507	28	535	472	23	495
Contingent consideration payable on business acquisitions	50	80	130	30	39	69
Non-controlling interest put options	–	18	18	–	45	45
Other payables[2]	601	46	647	528	49	577
Total	5,870	363	6,233	5,626	354	5,980

1. Of this balance, £1,323m (2022: £1,139m) is categorised as financial liabilities.
2. Of this balance, £357m (2022: £300m) is categorised as financial liabilities, including a £152m (2022: £77m) commitment in respect of the share buyback.

The current trade and other payables are payable on demand.

Trade payable days at 30 September 2023 were 64 days (2022: 64 days on a constant-currency basis).

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

	2023					
Trade and other payables	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	132	25	4	–	13	174

	2022					
Trade and other payables	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

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 2023, the value of invoices sold under the SCF programmes was £789m, with £735m related to the Group's programme in the US (2022: £772m and £706m, respectively). These amounts are included in trade payables and all cash flows associated with the programmes are included in net cash flow from operating activities as they continue to be part of the normal operating cycle of the Group.

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

23 Provisions

Significant accounting policy

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the 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 using the discount rate applicable to the liability.

Provisions	Workers' compensation and similar obligations £m	Severance £m	Onerous contracts £m	Legal and other claims £m	Provisions in respect of discontinued and disposed businesses £m	Other £m	Total £m
At 1 October 2021	324	108	36	49	13	51	581
Charged to income statement	117	7	12	2	–	6	144
Credited to income statement	(19)	(6)	(11)	(5)	–	(6)	(47)
Expenditure in the year	(79)	(62)	(18)	(10)	(4)	(5)	(178)
Business acquisitions	–	–	1	1	–	–	2
Net present value adjustments	5	–	–	–	–	–	5
Reclassification	–	(8)	11	(13)	4	1	(5)
Currency adjustment	66	5	2	2	(1)	3	77
At 30 September 2022	414	44	33	26	12	50	579
Charged to income statement – strategic portfolio review	–	**2**	**15**	–	–	**3**	**20**
Charged to income statement – other	**137**	–	**13**	**6**	–	**7**	**163**
Credited to income statement	**(33)**	**(1)**	**(11)**	**(4)**	–	**(3)**	**(52)**
Expenditure in the year	**(99)**	**(29)**	**(16)**	**(3)**	–	**(5)**	**(152)**
Sale and closure of businesses	–	–	–	–	**(1)**	**(1)**	**(2)**
Net present value adjustments	**7**	–	–	–	–	–	**7**
Reclassification	–	**(11)**	**1**	–	–	**4**	**(6)**
Currency adjustment	**(33)**	–	**(2)**	**(2)**	**(1)**	–	**(38)**
At 30 September 2023	**393**	**5**	**33**	**23**	**10**	**55**	**519**

Comprised of	2023 £m	2022 £m
Current	**233**	269
Non-current	**286**	310
Total	**519**	579

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.

Severance Provisions for severance primarily represent redundancy costs. The Group expects these provisions to be substantially utilised within the next year.

Onerous contracts 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. 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.

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.

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.

24 Post-employment benefits

Significant accounting policy

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 contributions payable by the Group are charged to the consolidated income statement when they are due. Payments made to state-managed schemes are treated as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

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. A current service cost is recognised which represents the expected present value of the defined benefit pension entitlement earned by members in the period. 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.

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 plan under IAS 19 and is, therefore, accounted for as a defined benefit plan.

Major source of estimation uncertainty

The present value of defined benefit liabilities is estimated based on actuarial assumptions determined with independent actuarial advice, including discount rates, inflation, pension and salary increases, and mortality and other demographic assumptions. A reasonably possible change in the assumptions used to derive these estimates could have a material effect on the present value of defined benefit liabilities in the next 12 months. The key assumptions used to value the liabilities, together with sensitivity analysis, are set out below.

Climate change

Plan assets

The trustees of the Compass Group Pension Plan (UK Plan), the Group's largest defined benefit 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.

Defined benefit obligations

The actuarial assumptions used to calculate the present value of defined benefit obligations comprise financial and demographic assumptions. The key financial assumptions are discount rates and inflation and, as these reflect long-term market expectations, they implicitly reflect the market's expectations of the potential impact of climate change. The directors have considered the potential impact of climate change on demographic assumptions, in particular on the long-term mortality assumptions and, at the present time, do not believe that there is sufficient evidence to require a change in the assumptions used in the calculation of the defined benefit liabilities. The directors will continue to monitor any potential future impact on the assumptions used.

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

24 Post-employment benefits continued

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

Current UK employees in a pension arrangement are in the Compass Retirement Income Savings Plan (CRISP), a GAD section of the UK 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, CRISP Trustees Limited. The Chairman is a former employee of the Group and the other six trustee directors are UK-based employees of the Group, three of whom are nominated by CRISP members.

The UK 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 UK Plan, which has otherwise been closed to new entrants since 2003. Such transferees entered into the GAD sections of the UK Plan and are known as 'GAD members'. However, under the UK 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 UK Plan to future entrants. The UK 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 UK Plan operates on a 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 UK Plan is carried out every three years. The most recent valuation of the UK Plan took place as at 5 April 2022. At the valuation date, the total market value of the assets of the UK 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 was agreed by the UK Plan's trustee and the Company and, with effect from 1 October 2022, the Company pays contributions to the UK Plan at a rate of 47.1% of pensionable pay (previously 57.2%).

The UK Plan is reappraised half-yearly for accounting purposes by independent actuaries in accordance with IAS 19 Employee Benefits requirements.

The UK Plan has a corporate trustee. There is an independent chairman and one other independent trustee director. There are a further five trustee directors who are either UK-based employees or former employees of the Group (three of whom have been nominated by UK Plan members). The UK Plan operates under the Fifth Definitive Trust Deed dated 25 March 2013 and subsequent amendments and relevant legislation (principally the Pensions Acts 1993, 1995, 2004 and 2021), with regulatory oversight from the Pensions Regulator. The Group has proposed a bulk transfer of CRISP into the UK Plan and for CRISP to operate as a separate defined contribution section of the UK Plan from 1 January 2024. Following the transfer, the combined board of the UK Plan will include trustee directors from both arrangements. Agreement with the trustees is expected before the end of the calendar year following a period of consultation with CRISP members and potential CRISP members which ended on 8 November 2023.

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

US schemes

In the US, the main vehicles for retirement provision are 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 savings plan 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 (CBAs) 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: post-employment benefits, including pensions and post-employment healthcare; defined contribution plans, such as 401(k) and annuity and savings plans; and other plans which include legal funds, training funds and education funds.

24 Post-employment benefits 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 38 multi-employer benefit plans (2022: 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 £44m in the year (2022: £30m) 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 split of defined benefit liabilities on an IAS 19 basis between active, deferred and pensioner members is shown below:

Split of defined benefit liabilities	2023			2022		
	Active	**Deferred**	**Pensioner**	Active	Deferred	Pensioner
UK Plan	**1%**	**43%**	**56%**	1%	46%	53%
UK unfunded arrangements	**–**	**4%**	**96%**	–	4%	96%
US[1]	**40%**	**1%**	**59%**	41%	2%	57%
Other	**65%**	**3%**	**32%**	68%	3%	29%

1. Excluding the Rabbi Trust.

Disclosures showing the assets and liabilities of the schemes are set out below. The liabilities have been calculated using the following assumptions, which are presented as weighted averages where appropriate:

Assumptions	UK schemes		US schemes[1]		Other schemes	
	2023	2022	**2023**	2022	**2023**	2022
Discount rate	**5.7%**	5.4%	**5.6%**	5.1%	**6.1%**	4.3%
Inflation	**3.6%**	3.9%	**2.3%**	2.4%	**1.5%**	1.4%
CPI inflation	**3.2%**	3.4%	**n/a**	n/a	**n/a**	n/a
Rate of increase in salaries	**3.6%**	3.9%	**3.2%**	3.3%	**4.7%**	2.6%
Rate of increase for pensions in payment	**3.3%**	3.5%	**2.3%**	2.4%	**0.2%**	0.2%
Rate of increase for deferred pensions	**3.3%**	3.6%	**n/a**	n/a	**n/a**	n/a

1. Excluding the Rabbi Trust.

The mortality assumptions used to value the UK pension schemes are derived from the S3PA generational mortality tables (2022: S3PA generational mortality tables) with improvements in line with the projection model prepared by the 2022 Continuous Mortality Investigation of the UK actuarial profession (2022: 2021 model), with an S-kappa of 7.0 (2022: 7.5), with 115% (2022: 119%) weighting for male non-pensioners and 109% (2022: 113%) for male pensioners and 103% (2022: 106%) weighting for female non-pensioners and 99% (2022: 102%) weighting for female pensioners, with a long-term underpin of 1.5% per annum (2022: 1.5% per annum). These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Group estimates the average duration of the liabilities of the UK and US plans to be 12 years (2022: 13 years) and 8 years (2022: 7 years), respectively. Examples of the resulting life expectancies for the UK Plan are as follows:

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

24 Post-employment benefits continued

Life expectancy at age 65	2023 Male	2023 Female	2022 Male	2022 Female
Member aged 65 in 2023 (2022)	**20.9**	**23.6**	21.4	24.0
Member aged 65 in 2048 (2047)	**22.6**	**25.5**	23.1	25.9

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 the US schemes are derived from the mortality table Pri-2012 (2022: Pri-2012) and MP2021 generational scale (2022: MP2021). Examples of the resulting life expectancies for the US schemes are as follows:

Life expectancy at age 65	2023 Male	2023 Female	2022 Male	2022 Female
Member aged 65 in 2023 (2022)	**22.0**	**23.4**	21.9	23.3
Member aged 65 in 2048 (2047)	**23.7**	**25.1**	23.6	25.0

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.

Sensitivity analysis

Measurement of the Group's defined benefit obligations is particularly sensitive to changes in key assumptions, including the 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:

	Impact on defined benefit obligations			
	2023		2022	
Financial assumptions	+0.5% £m	-0.5% £m	+0.5% £m	-0.5% £m
Discount rate				
UK	**-77**	**+85**	-90	+95
US and other	**-8**	**+9**	-9	+10
Inflation				
UK	**+42**	**-42**	+56	-54
US and other	**+3**	**-3**	+3	-3
CPI inflation				
UK	**+9**	**-9**	+12	-12

24 Post-employment benefits continued

Demographic assumptions	Impact on defined benefit obligations 2023 +1 year £m	2022 +1 year £m
Life expectancy from age 65		
UK	**+50**	+55
US and other	**+4**	+4

Management has also considered the impact of a 1% change in the discount rate and inflation assumptions used to measure the defined benefit obligations of the UK schemes. A 1% increase or decrease in the discount rate would decrease or increase the liabilities by £148m and £180m, respectively. A 1% increase or decrease in inflation would increase or decrease the liabilities by £85m and £81m, respectively.

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.

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 2023, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of debt securities and property funds. The UK Plan's corporate bonds are held in a unit-linked insurance policy managed by M&G. The UK Plan's unquoted property fund assets comprise a UK property fund of £155m (2022: £187m) and a global property fund of £131m (2022: £154m). The UK property fund's value is based on the net asset value at 30 September 2023. The global property fund's value is based on a US dollar net asset value at 30 June 2023 converted at the exchange rate at 30 September 2023. There has been no material change in the fair value of the global property fund between 30 June and 30 September 2023. The majority of the remainder of the UK Plan's assets are held in a bespoke liability-driven investment portfolio in a unit-linked insurance policy managed by Legal & General.

The fair value of the Group's plan assets is shown by major category below:

	2023			2022		
Fair value of plan assets by major category	UK Plan £m	Other £m	Total £m	UK Plan £m	Other £m	Total £m
Equities						
Quoted global equities	–	**30**	**30**	87	28	115
Government bonds						
Quoted UK fixed interest	**520**	–	**520**	504	–	504
Quoted UK index linked	**642**	–	**642**	816	–	816
Corporate bonds						
Quoted corporate bonds	**257**	**19**	**276**	250	21	271
Quoted diversified securities	–	**14**	**14**	–	16	16
Other						
Quoted property funds	–	**20**	**20**	–	21	21
Unquoted property funds	**286**	–	**286**	341	–	341
Unquoted insurance policies	–	**5**	**5**	–	6	6
Derivatives	**(14)**	–	**(14)**	–	–	–
Cash and cash equivalents	**81**	**2**	**83**	21	3	24
Other	**1**	**13**	**14**	–	13	13
At 30 September	**1,773**	**103**	**1,876**	2,019	108	2,127

24 Post-employment benefits continued

The UK Plan holds corporate bonds and other fixed-interest securities. The risk of default on these is assessed by various rating agencies. Some of these bond investments are issued by the UK government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

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

	2023			
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	**1,773**	**(1,343)**	–	**430**
Post-employment benefit assets	**1,773**	**(1,343)**	–	**430**
UK unfunded arrangements	–	**(28)**	–	**(28)**
US	–	**(705)**	–	**(705)**
Other	**103**	**(176)**	–	**(73)**
Post-employment benefit obligations	**103**	**(909)**	–	**(806)**
Net post-employment benefit obligations	**1,876**	**(2,252)**	–	**(376)**

	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	–	(660)	–	(660)
Other	108	(172)	(5)	(69)
Post-employment benefit obligations	108	(862)	(5)	(759)
Net post-employment benefit obligations	2,127	(2,300)	(5)	(178)

24 Post-employment benefits continued

Movements in net defined benefit asset/(obligation)	2023 Fair value of plan assets £m	2023 Present value of defined benefit obligations £m	2023 Effect of asset ceiling £m	2023 Total £m	2022 Fair value of plan assets £m	2022 Present value of defined benefit obligations £m	2022 Effect of asset ceiling £m	2022 Total £m
At 1 October	**2,127**	**(2,300)**	**(5)**	**(178)**	3,353	(3,217)	(7)	129
Transfer to other investments	–	–	–	–	(546)	–	–	(546)
Current service cost	–	**(22)**	–	**(22)**	–	(21)	–	(21)
Past service (cost)/credit[1]	–	**(3)**	–	**(3)**	–	1	–	1
Administration expenses[2]	**(5)**	–	–	**(5)**	(4)	–	–	(4)
Interest income/(expense)	**108**	**(117)**	–	**(9)**	54	(66)	–	(12)
Remeasurements – financial assumptions	–	**38**	–	**38**	–	1,063	–	1,063
Remeasurements – demographic assumptions	–	**38**	–	**38**	–	28	–	28
Remeasurements – experience adjustments	–	**(49)**	–	**(49)**	–	(53)	–	(53)
Return on plan assets, excluding interest income	**(271)**	–	–	**(271)**	(668)	–	–	(668)
Change in asset ceiling, excluding interest income	–	–	**5**	**5**	–	–	3	3
Employer contributions	**29**	–	–	**29**	18	–	–	18
Employee contributions	**3**	**(63)**	–	**(60)**	2	(50)	–	(48)
Benefits paid	**(111)**	**155**	–	**44**	(96)	140	–	44
Disposals	–	–	–	–	–	2	–	2
Currency adjustment	**(4)**	**71**	–	**67**	14	(127)	(1)	(114)
At 30 September	**1,876**	**(2,252)**	–	**(376)**	2,127	(2,300)	(5)	(178)

1. 2023 includes a £5m charge following a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023.
2. The expenses of running the UK Plan are met directly by the UK Plan rather than by the principal employer.

The £38m reduction in the present value of defined benefit obligations due to changes in financial assumptions in 2023 includes the impact on the liabilities of the UK Plan of a 0.6 percentage point increase in the discount rate, net of inflation.

The negative return on plan assets of £271m mainly reflects the performance of the UK Plan as gilt yields have increased, reducing the value of government bonds, and property values have decreased.

The present value of defined benefit obligations includes £623m (2022: £566m) in respect of the Rabbi Trust, which is exactly matched by its investments (see note 15).

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 £77m (2022: £85m) may not be offset against post-employment benefit obligations under IAS 19 (see note 15).

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

	Notes	2023 £m	2022 £m
Net post-employment benefit obligations		**(376)**	(178)
Rabbi Trust investments	15	**623**	566
Mutual fund investments	15	**48**	52
Life insurance policies	15	**29**	33
Net post-employment benefit assets		**324**	473

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

24 Post-employment benefits continued

Amounts recognised in the income statement

Amounts recognised in the income statement	2023 UK £m	2023 US £m	2023 Other £m	2023 Total £m	2022 UK £m	2022 US £m	2022 Other £m	2022 Total £m
Current service cost	–	14	8	22	1	13	7	21
Past service cost/(credit)	–	–	3	3	–	–	(1)	(1)
Administration expenses	5	–	–	5	4	–	–	4
Charged to operating expenses	5	14	11	30	5	13	6	24
Interest on net post-employment benefit assets/obligations	(28)	34	3	9	(6)	15	3	12
(Credited)/charged to finance costs	(28)	34	3	9	(6)	15	3	12
Total	(23)	48	14	39	(1)	28	9	36

The Group recognised a charge of £208m (2022: £175m) in respect of contributions to defined contribution schemes during the year.

Amounts recognised in other comprehensive income

Amounts recognised in other comprehensive income	2023 £m	2022 £m
Effect of changes in financial assumptions	38	1,063
Effect of changes in demographic assumptions	38	28
Effect of experience adjustments	(49)	(53)
Remeasurement of post-employment benefit obligations	27	1,038
Return on plan assets, excluding interest income	(271)	(668)
Change in asset ceiling, excluding interest income	5	3
Total	(239)	373

Contributions

The Group made total contributions to defined benefit schemes of £43m (including the Rabbi Trust) in the year (2022: £31m). Contributions in 2023 include £8m following a change in legislation in Türkiye effective from March 2023. The Group expects to make a similar level of contributions to these schemes in 2024 including the impact of the legislation change in Türkiye.

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.

25 Share capital and other reserves

Significant accounting policy

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

Capital

The capital structure of the Group consists of net debt (see note 34) and total equity. Our capital allocation framework is clear and unchanged. Our priority is to invest in the business to fund growth opportunities, target a strong investment-grade credit rating with a leverage target of around 1x-1.5x net debt to EBITDA and pay an ordinary dividend, with any surplus capital being returned to shareholders. At 30 September 2023, the ratio of net debt to underlying EBITDA was 1.2x (2022: 1.3x) (see note 34).

Share capital

Share capital	2023 Number	2023 £m	2022 Number	2022 £m
Allotted, called up and fully paid				
Ordinary shares of 11 1⁄20p each[1]	1,785,403,977	198	1,785,403,977	198
At 30 September	1,785,403,977	198	1,785,403,977	198

1. During the year, 46,311,952 shares in Compass Group PLC were purchased under the share buybacks announced in May 2022, November 2022 and May 2023 (2022: 24,151,566 shares under the share buyback announced in May 2022), which are held in treasury, and 1,343,592 (2022: 320,851) shares were released to satisfy awards under the Company's long-term incentive plans, leaving a balance held in treasury at 30 September 2023 of 70,170,859 (2022: 25,202,499). The shares purchased had an average price of £20.19 per share (2022: £18.20 per share) and represent 2.6% (2022: 1.4%) of the Company's share capital. Shares held in treasury are not entitled to receive dividends.

25 Share capital and other reserves continued

Other reserves

Capital redemption reserve

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.

Own shares reserve

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 own shares reserve comprises £1,501m (2022: £515m) in respect of 70,170,859 (2022: 25,202,499) shares in Compass Group PLC held in treasury and £12m (2022: £4m) in respect of 573,223 (2022: 221,909) shares in Compass Group PLC held by the Compass Group PLC All Share Schemes Trust (ASST).

The share buyback announced in November 2022 was completed in March 2023, with 13,127,521 shares repurchased during the year for a total price, including transaction costs, of £251m. Transaction costs of £1m were incurred in respect of the 3,447,549 shares repurchased during the year in respect of the completion of the share buyback announced in May 2022.

In May 2023, the Company announced that it was commencing a further share buyback to repurchase up to £750m of its own shares. During the year, 29,736,882 shares were repurchased for a total price, including transaction costs, of £621m, of which £600m was paid in cash during the year. The mandate issued to the broker to purchase the shares was irrevocable at 30 September 2023 and, therefore, a creditor of £131m in respect of the value of the shares not yet purchased has been recognised. The share buyback was completed in November and, in total, 36,094,092 shares were repurchased under the programme for a total price, including transaction costs, of £752m.

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. During the year, 800,000 (2022: 317,052) shares in Compass Group PLC were purchased by the ASST and 448,686 (2022: 280,371) shares were released from the ASST to satisfy awards under the Company's long-term incentive plans. At 30 September 2023, the nominal value of the shares in the ASST was £63,341 (2022: £24,521), with a market value of £11m (2022: £4m).

No shares have been released from treasury or by the ASST since the end of the financial year to the date of this Report to satisfy awards under the Company's long-term incentive plans.

Merger reserve

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

Revaluation reserve

The revaluation reserve arose 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.

Non-controlling interest put options reserve

Where put options are held in respect of a non-controlling interest in a subsidiary and the minority shareholders hold present access to the returns of the entity, the Group recognises a non-controlling interest, together with a put option liability measured at fair value and a corresponding non-controlling interest put options reserve. Subsequent remeasurements of put option liabilities under the present access and anticipated acquisition methods are recognised in the non-controlling interest put options reserve.

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

25 Share capital and other reserves continued

Other reserves	Capital redemption reserve £m	Own shares reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve[1] £m	Non-controlling interest put options reserve £m	Total £m
At 1 October 2022	**295**	**(519)**	**4,170**	**7**	**206**	**(91)**	**4,068**
Other comprehensive income							
Currency translation differences	–	–	–	–	**(335)**	–	**(335)**
Reclassification of cumulative currency translation differences on sale of businesses	–	–	–	–	**(1)**	–	**(1)**
Tax credit on items relating to the components of other comprehensive income	–	–	–	–	**3**	–	**3**
Total other comprehensive loss for the year	–	–	–	–	**(333)**	–	**(333)**
Change in fair value of non-controlling interest put options	–	–	–	–	–	**13**	**13**
Changes to non-controlling interests due to acquisitions and disposals	–	–	–	–	–	**(2)**	**(2)**
Reclassification of non-controlling interest put options reserve on exercise of put options	–	–	–	–	–	**6**	**6**
Cost of shares transferred to employees	–	**26**	–	–	–	–	**26**
Purchase of own shares – share buyback[2]	–	**(1,004)**	–	–	–	–	**(1,004)**
Purchase of own shares – employee share-based payments	–	**(16)**	–	–	–	–	**(16)**
At 30 September 2023	**295**	**(1,513)**	**4,170**	**7**	**(127)**	**(74)**	**2,758**

1. Includes a loss of £605m 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. Including stamp duty and brokers' commission. The difference between the £1,004m charged to the own shares reserve during the year and the £929m cash outflow in respect of share buybacks (see page 149) reflects a £152m creditor at 30 September 2023 in respect of the £750m share buyback announced in May 2023, less a £77m creditor at 30 September 2022 in respect of the £500m share buyback announced in May 2022 (see note 22).

Other reserves	Share-based payment reserve £m	Capital redemption reserve £m	Own shares reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve[1] £m	Non-controlling interest put options reserve £m	Total £m
At 1 October 2021	271	295	(2)	4,170	7	(392)	(87)	4,262
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 options 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[2]	–	–	(502)	–	–	–	–	(502)
Purchase of own shares – employee share-based payments	–	–	(6)	–	–	–	–	(6)
Transfer[3]	(301)	–	(13)	–	–	–	–	(314)
Cost of shares transferred to employees	–	–	4	–	–	–	–	4
At 30 September 2022	–	295	(519)	4,170	7	206	(91)	4,068

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. Including stamp duty and brokers' commission.
3. In 2022, the share-based payments reserve was transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings and the value of shares in Compass Group PLC purchased in previous years and held in treasury at 30 September 2022 was transferred from retained earnings to the own shares reserve.

26 Share-based payments

Significant accounting policy

The Group issues equity-settled share-based payments to certain employees which are measured at fair value at the date of grant using option pricing models. The fair value is expensed on a straight-line basis over the vesting period based on the Group's estimate of the number of shares expected to vest.

Income statement expense

The Group recognised a charge of £44m (2022: £34m) in respect of share-based payment transactions. All share-based payment plans are equity-settled. The charge is broken down by share-based payment plan as follows:

Share-based payment charge	2023 £m	2022 £m
Long-term incentive plans	**38**	27
Restricted shares	**6**	7
Total	**44**	34

Long-term incentive plans (LTIP)

Full details of The Compass Group PLC Long Term Incentive Plan 2018 (2018 LTIP) can be found in the Directors' remuneration report on pages 97 to 126.

The following table shows the movements in shares during the year:

Long-term incentive plans	2023 Number of shares	2022 Number of shares
Outstanding at 1 October	**7,547,857**	6,353,294
Awarded	**3,153,815**	3,328,253
Notional Dividend Shares awarded[1]	**160,952**	80,631
Vested	**(1,113,799)**	(29,082)
Lapsed	**(870,723)**	(2,185,239)
Outstanding at 30 September	**8,878,102**	7,547,857

1. Eligible awards granted under the 2018 LTIP accrue dividends in the form of Notional Dividend Shares.

The following Executive Committee and Leadership LTIP awards were made under the terms of the 2018 LTIP during the year:

LTIP awards	2023 Award date	2023 Fair value
Executive Committee	**1 Dec 2022**	**1,363.71p**
Leadership	**1 Dec 2022**	**1,507.63p**
Leadership	**17 May 2023**	**2,134.32p**

LTIP awards	2022 Award date	2022 Fair value
Executive Committee	1 Dec 2021	1,140.86p
Executive Committee	4 Feb 2022	1,281.42p
Executive Committee	8 Feb 2022	1,149.04p
Leadership	1 Dec 2021	1,204.37p
Leadership	15 Dec 2021	1,438.55p
Leadership	18 May 2022	1,761.58p

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 is calculated using the Black-Scholes option pricing model. The vesting probability of these non-market conditions has been assessed based on a simulation model of the AFCF and ROCE forecasts. The fair value of awards subject to Total Shareholder Return (TSR) performance targets is calculated using the Monte Carlo model.

The following assumptions were used in calculating the fair value of LTIP awards made during the year:

Weighted average assumptions – long-term incentive plans	2023	2022
Expected volatility[1]	**39.6%**	39.3%
Risk-free interest rate	**3.1%**	1.0%
Expected life	**3.0 years**	2.9 years
Share price at date of grant	**1,856.77p**	1,534.85p

1. Expected volatility is calculated based on the Group's weekly share price during the three years prior to the date of each award.

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

26 Share-based payments continued

Eligible awards granted under the 2018 LTIP accrue dividends in the form of Notional Dividend Shares. Accordingly, the dividend yield in the fair value calculation is nil.

The weighted average share price at the date of vesting for the 1,113,799 shares (2022: 29,082) that vested during the year was 1,824.00p (2022: 1,455.00p).

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.2 years (2022: 1.4 years).

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 movements in shares during the year:

Restricted shares	2023 Number of shares	2022 Number of shares
Outstanding at 1 October	**1,083,225**	939,488
Awarded	**365,818**	581,246
Notional Dividend Shares awarded[1]	**16,228**	11,234
Vested	**(570,398)**	(397,632)
Lapsed	**(69,593)**	(51,111)
Outstanding at 30 September	**825,280**	1,083,225

1. Eligible awards granted under the Restricted Share Award Plan accrue dividends in the form of Notional Dividend Shares.

The following assumptions were used in calculating the fair value of restricted share awards made during the year:

Weighted average assumptions – restricted shares	2023	2022
Expected volatility[1]	**37.0%**	39.4%
Risk-free interest rate	**3.4%**	1.1%
Expected life	**2.2 years**	2.1 years
Share price at date of grant	**1,920.21p**	1,554.40p

1. Expected volatility is calculated based on the Group's weekly share price during the three years prior to the date of each award.

Eligible awards granted under the Restricted Share Award Plan accrue dividends in the form of Notional Dividend Shares. Accordingly, the dividend yield in the fair value calculation is nil.

The weighted average share price at the date of vesting for the 570,398 shares (2022: 397,632) that vested during the year was 1,989.24p (2022: 1,573.85p).

Other share-based payment plans

Other share-based payment plans comprise The Compass Group Share Option Plan 2010 (CSOP) and Deferred Annual Bonus Plan (DAB). The last CSOP award was made in November 2013 and will expire in November 2023. The last DAB award was made in November 2018.

The following table shows the movements in shares during the year:

Other share-based payment plans	2023 Number of shares	2022 Number of shares
Outstanding at 1 October	**202,422**	518,151
Vested and exercised	**(108,081)**	(174,508)
Lapsed (following net settlement)	**(84,579)**	(104,740)
Lapsed	**(2,340)**	(36,481)
Outstanding at 30 September	**7,422**	202,422

The expense relating to these plans is not significant.

27 Acquisition, sale and closure of businesses

Significant accounting policy

Business 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 the non-controlling interest put options reserve.

Business disposals
The Group ceases to consolidate a subsidiary when it has lost control. Upon losing control of a subsidiary, a gain or loss is recognised in the consolidated income statement which includes any cumulative currency translation differences previously recognised in other comprehensive income. Any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

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.

Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the year, net of cash acquired, was £336m (2022: £273m), including £41m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £17m of acquisition transaction costs included in net cash flow from operating activities.

On 20 March 2023, the Group acquired the trade and assets of Parks Coffee, a provider of workplace refreshments in the US, for an initial consideration of $108m (£90m). Total consideration includes $6m (£5m) payable in 2024 and an estimated $23m (£20m) payable in 2025 contingent on the operation of an earn-out. The goodwill in relation to the assets acquired is £43m. This goodwill represents the premium the Group paid to acquire the business that complements its existing businesses and creates significant opportunities and other synergies.

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

27 Acquisition, sale and closure of businesses continued

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of Parks Coffee:

	2023	
	Book value £m	Fair value £m
Net assets acquired		
Other intangible assets	1	64
Property, plant and equipment	5	5
Inventories	4	4
Trade and other payables	(1)	(1)
Fair value of net assets acquired		72
Goodwill		43
Total consideration		115
Satisfied by		
Cash consideration paid		90
Deferred and contingent consideration payable		25
Total consideration		115

In addition to the acquisition set out above, the Group also completed a number of other acquisitions during the year. A summary of all acquisitions completed during the year is presented in aggregate below:

	2023		2022	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Net assets acquired				
Other intangible assets	5	221	17	140
Right-of-use assets	–	–	7	7
Property, plant and equipment	23	23	7	7
Trade and other receivables	15	15	36	36
Inventories	11	11	6	6
Cash and cash equivalents	11	11	–	–
Lease liabilities	–	–	(7)	(7)
Provisions	–	–	(2)	(2)
Current tax liabilities	(2)	(2)	–	–
Deferred tax liabilities	(1)	(19)	(6)	(6)
Trade and other payables	(16)	(16)	(36)	(36)
Fair value of net assets acquired		244		145
Less: Step acquisitions		(24)		–
Less: Non-controlling interests		(2)		(8)
Goodwill		184		122
Total consideration		402		259
Satisfied by				
Cash consideration paid		289		193
Contingent consideration payable		100		66
Deferred consideration payable		13		–
Total consideration		402		259
Cash flow				
Cash consideration paid		289		193
Less: Cash and cash equivalents acquired		(11)		–
Acquisition transaction costs[1]		17		10
Net cash outflow arising on acquisition		295		203
Deferred and contingent consideration and other payments relating to businesses acquired in previous years[2]		41		70
Total cash outflow from purchase of subsidiary companies		336		273
Consolidated cash flow statement				
Net cash flow from operating activities[1]		17		10
Net cash flow from investing activities		319		263
Total cash outflow from purchase of subsidiary companies		336		273

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.

27 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 2023 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 its existing businesses 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 gain of £20m on the sale and closure of businesses (2022: net loss of £7m), including exit costs of £11m (2022: £7m). Activity in the year includes the exit from seven tail countries, together with the sale of businesses in the US and UK, and a further 28% shareholding in Highways Royal Co., Limited (Japanese Highways).

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

	2023 £m	2022 £m
Net assets disposed		
Goodwill	**27**	5
Other intangible assets	**17**	1
Right-of-use assets	**8**	–
Property, plant and equipment	**18**	1
Deferred tax assets	**1**	1
Trade and other receivables	**27**	2
Inventories	**9**	–
Cash and cash equivalents	**29**	1
Assets held for sale	**26**	16
Lease liabilities	**(9)**	(1)
Provisions	**(2)**	(2)
Trade and other payables	**(41)**	(5)
Post-employment benefit liabilities	**–**	(2)
Net assets disposed	**110**	17
Consolidated income statement		
Cash consideration	**83**	24
Deferred consideration[1]	**57**	–
Less: Net assets disposed	**(110)**	(17)
Less: Exit costs	**(11)**	(7)
Add/(less): Reclassification of cumulative currency translation differences on sale of businesses[2]	**1**	(7)
Net gain/(loss) on sale and closure of businesses	**20**	(7)
Consolidated cash flow statement		
Cash consideration	**83**	24
Exit costs	**(7)**	(3)
Cash and cash equivalents disposed	**(29)**	(1)
Tax receipts in respect of prior year business disposals	**–**	15
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs	**47**	35

1. Includes £56m translated at the exchange rate on the date of disposal in respect of the sale of four businesses in Central and Eastern Europe receivable over four years from the date of disposal in October 2022.
2. 2023 comprises the reclassification of cumulative currency translation gains of £4m, partly offset by cumulative currency translation losses on net investment hedges of £3m.

Assets held for sale

The Group's balance sheet includes interests in joint ventures and associates held for sale of £4m (2022: £26m) which represent the final 5% 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.

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

28 Reconciliation of operating profit to cash generated from operations

Reconciliation of operating profit to cash generated from operations	2023 £m	2022 £m
Operating profit before joint ventures and associates	**1,835**	1,455
Adjustments for:		
Acquisition-related charges[1]	**108**	82
Charges related to the strategic portfolio review	**99**	–
COVID-19 resizing credit	**–**	(4)
One-off pension charge	**7**	–
Amortisation – other intangible assets[2]	**110**	100
Amortisation – contract fulfilment assets	**231**	214
Amortisation – contract prepayments	**54**	40
Depreciation – right-of-use assets	**163**	156
Depreciation – property, plant and equipment	**276**	260
Unwind of costs to obtain contracts	**22**	18
Impairment losses – non-current assets[3]	**10**	15
Impairment reversals – non-current assets	**(2)**	(4)
Gain on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	**(3)**	–
Other non-cash changes	**(1)**	(4)
Decrease in provisions	**(41)**	(77)
Investment in contract prepayments	**(72)**	(64)
Increase in costs to obtain contracts[4]	**(37)**	(31)
Post-employment benefit obligations net of service costs	**(18)**	(7)
Share-based payments – charged to profit	**44**	34
Operating cash flow before movements in working capital	**2,785**	2,183
Increase in inventories	**(97)**	(122)
Increase in receivables	**(557)**	(876)
Increase in payables	**556**	839
Cash generated from operations	**2,687**	2,024

1. Includes amortisation and impairment of acquisition intangibles. Excludes acquisition transaction costs of £17m (2022: £10m) as acquisition transaction costs are included in net cash flow from operating activities.
2. Excludes amortisation of acquisition intangibles.
3. In 2023, excludes impairment losses of £50m included in charges related to the strategic portfolio review.
4. 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 was £311m (2022: £218m).

29 Movements in assets and liabilities arising from financing activities

Movements for the year ended 30 September 2023	1 October 2022 £m	Cash outflow/ (inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation gains £m	30 September 2023 £m
Borrowings (excluding bank overdrafts)	**(3,713)**	**437**	**(30)**	**–**	**99**	**(3,207)**
Lease liabilities	**(913)**	**176**	**9**	**(264)**	**47**	**(945)**
Derivative financial instruments	**(96)**	**(127)**	**(8)**	**–**	**50**	**(181)**
Net movement in assets and liabilities arising from financing activities		**486**				
Purchase of own shares – share buyback		**929**				
Purchase of own shares – employee share-based payments		**16**				
Purchase of non-controlling interests		**8**				
Dividends paid to equity shareholders		**648**				
Dividends paid to non-controlling interests		**6**				
Net cash flow from financing activities		**2,093**				

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		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				

Other non-cash movements are as follows:

Other non-cash movements	2023 £m	2022 £m
Amortisation of fees and discounts on issue of debt	**(4)**	(3)
Fees and discounts accrued on issue of debt	**–**	1
Changes in fair value of borrowings in a fair value hedge	**(26)**	320
Borrowings	**(30)**	318
Lease liabilities acquired through business acquisitions	**–**	(7)
Lease liabilities derecognised on sale and closure of businesses	**9**	1
COVID-19 rent concessions	**–**	2
Reclassification	**–**	7
Lease liabilities	**9**	3
Changes in fair value of derivative financial instruments	**(8)**	(251)
Total	**(29)**	70

30 Contingent liabilities

Significant accounting policy

Provisions for legal and other claims are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Where it is possible that a settlement will be reached or it is not possible to make a reliable estimate of the amount of the obligation, no provision is recognised, but appropriate disclosure as a contingent liability is made.

Performance bonds, guarantees and indemnities

Performance bonds, guarantees and indemnities	2023 £m	2022 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**410**	402

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, typically the client, that it will fulfil its contractual obligations, rather than to provide an insurance contract to compensate the client in the event that it does not fulfil those contractual obligations. The issue of such guarantees and indemnities does not increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

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 Group is currently subject to audits and reviews in a number of countries that primarily relate to complex corporate tax issues. None of these audits is 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 notices of deficiency in respect of 2014 and 2017 relating primarily to the PIS/COFINS treatment of certain food costs which we have formally objected to and which are now proceeding through the appeals process. At 30 September 2023, the total amount assessed in respect of these matters is £72m, including interest and penalties. The possibility of further notices of deficiency for subsequent years 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 advisers, 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.

In addition, there are a number of other ongoing tax cases in Brazil. None of these cases is individually significant and, therefore, we do not currently expect any of these issues to have a material impact on the Group's financial position.

Food safety

In the ordinary course of business, food safety incidents are identified from time to time and our businesses' operations receive external reviews of their food hygiene and safety practices, both on a periodic basis and in connection with identified incidents. At any point, a number of reviews will be ongoing. Although it is not possible to predict the outcome or quantify the financial effect of the outcome of these reviews, or any claim against Group companies related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these ongoing reviews are not expected to have a material effect on the financial position of the Group. The timing of the outcome of these reviews is generally uncertain.

31 Commitments

Contracted for but not provided for	2023 £m	2022 £m
Client contract intangibles	**72**	72
Contract balances	**570**	539
Property, plant and equipment	**37**	28
Total	**679**	639

32 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 4. 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 24.

33 Post-balance sheet events

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars.

On 2 October 2023, the Group sold its business in Argentina. The net assets of the business at 30 September 2023 were not material. The disposal will be recognised in 2024 and include a £44m charge in respect of cumulative currency translation differences.

On 2 November 2023, the Group entered into an agreement to acquire Hofmann Menü-Manufaktur GmbH, a German producer of high-quality cook and freeze meals, for €270m (£234m) subject to regulatory approval which we expect to receive during the first half of the 2024 financial year.

In the period from 1 October to 14 November 2023, 6,357,210 shares were repurchased for a total price, including transaction costs, of £131m under the share buyback announced in May 2023. In November 2023, we announced a further share buyback of up to $500m (£410m), to complete in 2024 subject to M&A activity.

On 20 November 2023, a final dividend in respect of 2023 of 28.1p per share, £482m in aggregate, was proposed.

34 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 defined by 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. The Group's APMs, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Accordingly, the relevant statutory measures are also presented where appropriate. Certain of the Group's APMs 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 businesses 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.

1. Key Performance Indicator.
2. See page 210 for definitions of the specific adjusting items and a reconciliation from the statutory to the underlying income statement.

34 Non-GAAP measures continued

Definitions continued

Measure	Definition	Purpose
Income statement (continued)		
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.
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.

1. Key Performance Indicator.
2. See page 210 for definitions of the specific adjusting items and a reconciliation from the statutory to the underlying income statement.

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

34 Non-GAAP measures continued

Definitions continued

Measure	Definition	Purpose
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 the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
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 the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, 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	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.

34 Non-GAAP measures continued

Reconciliations

Income statement

Underlying revenue and operating profit are reconciled to GAAP measures in note 2 (segmental analysis).

	Geographical segments				
Organic revenue	North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
Year ended 30 September 2023					
Underlying revenue	**21,092**	**7,038**	**3,151**	**–**	**31,281**
Organic adjustments	**(127)**	**(134)**	**(37)**	**–**	**(298)**
Organic revenue	**20,965**	**6,904**	**3,114**	**–**	**30,983**
Year ended 30 September 2022					
Underlying revenue	17,139	5,935	2,697	–	25,771
Currency adjustments	753	(23)	(95)	–	635
Underlying revenue – constant currency	17,892	5,912	2,602	–	26,406
Organic adjustments	(41)	(233)	(45)	–	(319)
Organic revenue	17,851	5,679	2,557	–	26,087
Increase in underlying revenue at reported rates – %	**23.1%**	**18.6%**	**16.8%**		**21.4%**
Increase in underlying revenue at constant currency – %	**17.9%**	**19.0%**	**21.1%**		**18.5%**
Increase in organic revenue – %	**17.4%**	**21.6%**	**21.8%**		**18.8%**

	Geographical segments				
Organic operating profit	North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
Year ended 30 September 2023					
Underlying operating profit/(loss)	**1,653**	**392**	**175**	**(98)**	**2,122**
Underlying operating margin – %	**7.8%**	**5.6%**	**5.6%**		**6.8%**
Organic adjustments	**(10)**	**(9)**	**(6)**	**–**	**(25)**
Organic operating profit/(loss)	**1,643**	**383**	**169**	**(98)**	**2,097**
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%
Currency adjustments	55	(1)	(7)	–	47
Underlying operating profit/(loss) – constant currency	1,291	298	134	(86)	1,637
Organic adjustments	(7)	(7)	(8)	–	(22)
Organic operating profit/(loss)	1,284	291	126	(86)	1,615
Increase in underlying operating profit at reported rates – %	**33.7%**	**31.1%**	**24.1%**		**33.5%**
Increase in underlying operating profit at constant currency – %	**28.0%**	**31.5%**	**30.6%**		**29.6%**
Increase in organic operating profit – %	**28.0%**	**31.6%**	**34.1%**		**29.8%**

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

34 Non-GAAP measures continued

Reconciliations continued

Underlying income statement	Notes	2023 Statutory £m	Specific adjusting items 1	2	3	4	5	6	2023 Underlying £m
Operating profit	2	1,891	125	–	7	–	99	–	2,122
Net gain on sale and closure of businesses		20	–	–	–	–	(20)	–	–
Finance costs	5	(164)	–	–	–	–	–	28	(136)
Profit before tax		1,747	125	–	7	–	79	28	1,986
Income tax expense	6	(429)	(26)	–	(1)	–	(18)	(7)	(481)
Profit for the year		1,318	99	–	6	–	61	21	1,505
Less: Non-controlling interests		(4)	–	–	–	–	–	–	(4)
Profit attributable to equity shareholders		1,314	99	–	6	–	61	21	1,501
Earnings per share (p)		75.4p	5.7p	–	0.3p	–	3.5p	1.2p	86.1p
Effective tax rate (%)		24.6%							24.2%

Underlying income statement	Notes	2022 Statutory £m	Specific adjusting items 1	2	3	4	5	6	2022 Underlying £m
Operating profit	2	1,500	92	(4)	–	2	–	–	1,590
Net loss on sale and closure of businesses		(7)	–	–	–	–	7	–	–
Finance costs	5	(24)	–	–	–	–	–	(76)	(100)
Profit before tax		1,469	92	(4)	–	2	7	(76)	1,490
Income tax expense	6	(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
Currency adjustments									35
Profit attributable to equity shareholders – constant currency									1,156
Earnings per share (p)		62.6p	3.8p	(0.3)p	–	–	0.2p	(3.3)p	63.0p
Earnings per share – constant currency (p)									65.0p
Effective tax rate (%)		24.0%							24.5%

Specific adjusting items are as follows:

1. Acquisition-related charges
Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity (see note 3).

2. COVID-19 resizing credit
Reversal of surplus provisions recognised in previous years related to cost actions taken to adjust our business to the trading environment in light of the COVID-19 pandemic.

3. One-off pension charge
Mainly represents a past service cost following a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023 (see note 24).

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 and charges related to the strategic portfolio review
Profits and losses on the sale of subsidiaries, joint ventures and associates, exit costs on closure of businesses (see note 27) and charges in respect of an ongoing strategic review of the Group's portfolio of non-core activities which, during 2023, relate to site closures and contract renegotiations and terminations in the UK.

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 and financing items relating to post-employment benefits (see note 5).

34 Non-GAAP measures continued

Reconciliations continued

Net operating profit after tax (NOPAT)	2023 £m	2022 £m
Underlying operating profit	**2,122**	1,590
Deduct:		
Tax on underlying operating profit at effective tax rate	**(513)**	(390)
Operating profit of non-controlling interests net of tax	**(4)**	(4)
NOPAT	**1,605**	1,196

Underlying EBITDA	2023 £m	2022 £m
Underlying operating profit	**2,122**	1,590
Add back/(deduct):		
Depreciation of property, plant and equipment and right-of-use assets	**439**	416
Amortisation of other intangible assets, contract fulfilment assets and contract prepayments[1]	**395**	354
Impairment losses – non-current assets[2]	**10**	15
Impairment reversals – non-current assets	**(2)**	(4)
Underlying EBITDA	**2,964**	2,371

1. Excludes amortisation of acquisition intangibles.
2. In 2023, excludes impairment losses of £50m included in charges related to the strategic portfolio review.

Balance sheet

Components of net debt	2023 £m	2022 £m
Borrowings	**(3,370)**	(3,964)
Lease liabilities	**(945)**	(913)
Derivative financial instruments	**(181)**	(96)
Gross debt	**(4,496)**	(4,973)
Cash and cash equivalents	**843**	1,983
Net debt	**(3,653)**	(2,990)

Net debt reconciliation	2023 £m	2022 £m
Net (decrease)/increase in cash and cash equivalents	**(1,024)**	29
(Deduct)/add back:		
Increase in borrowings	**(1)**	(677)
Repayment of borrowings	**438**	297
Net cash flow from derivative financial instruments	**(127)**	67
Repayment of principal under lease liabilities	**176**	152
Increase in net debt from cash flows	**(538)**	(132)
New lease liabilities and amendments	**(264)**	(139)
Amortisation of fees and discounts on issue of debt	**(4)**	(3)
Fees and discounts accrued on issue of debt	**–**	1
Changes in fair value of borrowings in a fair value hedge	**(26)**	320
Lease liabilities acquired through business acquisitions	**–**	(7)
Lease liabilities derecognised on sale and closure of businesses	**9**	1
COVID-19 rent concessions	**–**	2
Reclassification	**–**	7
Changes in fair value of derivative financial instruments	**(8)**	(251)
Currency translation gains/(losses)	**168**	(251)
Increase in net debt	**(663)**	(452)
Net debt at 1 October	**(2,990)**	(2,538)
Net debt at 30 September	**(3,653)**	(2,990)

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

34 Non-GAAP measures continued

Reconciliations continued

Net debt to EBITDA	2023 £m	2022 £m
Net debt	**3,653**	2,990
Underlying EBITDA	**2,964**	2,371
Net debt to EBITDA (times)	**1.2**	1.3

Return on capital employed (ROCE)	2023 £m	2022 £m
NOPAT	**1,605**	1,196
Average capital employed	**8,215**	7,567
ROCE (%)	**19.5%**	15.8%

Cash flow

Capital expenditure	2023 £m	2022 £m
Purchase of intangible assets	**215**	177
Purchase of contract fulfilment assets	**311**	218
Purchase of property, plant and equipment	**365**	282
Investment in contract prepayments	**72**	64
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**(64)**	(37)
Capital expenditure	**899**	704

Underlying operating cash flow	2023 £m	2022 £m
Net cash flow from operating activities	**2,076**	1,596
Purchase of intangible assets	**(215)**	(177)
Purchase of contract fulfilment assets	**(311)**	(218)
Purchase of property, plant and equipment	**(365)**	(282)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**64**	37
Repayment of principal under lease liabilities	**(176)**	(152)
Share of results of joint ventures and associates	**56**	45
Add back:		
Interest paid	**170**	96
Net tax paid	**441**	332
Post-employment benefit obligations net of service costs[1]	**10**	7
Cash payments related to the cost action programme and COVID-19 resizing costs	**29**	57
Cash payments related to the strategic portfolio review	**20**	–
Cash payments related to the one-off pension charge	**9**	–
Acquisition transaction costs	**17**	10
Underlying operating cash flow	**1,825**	1,351

1. 2023 excludes £8m of cash payments related to the one-off pension charge.

Underlying operating cash flow conversion	2023 £m	2022 £m
Underlying operating cash flow	**1,825**	1,351
Underlying operating profit	**2,122**	1,590
Underlying operating cash flow conversion (%)	**86.0%**	85.0%

34 Non-GAAP measures continued

Reconciliations continued

Free cash flow	2023 £m	2022 £m
Net cash flow from operating activities	**2,076**	1,596
Purchase of intangible assets	**(215)**	(177)
Purchase of contract fulfilment assets	**(311)**	(218)
Purchase of property, plant and equipment	**(365)**	(282)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**64**	37
Purchase of other investments	**(3)**	(42)
Proceeds from sale of other investments	**3**	3
Dividends received from joint ventures and associates	**49**	51
Interest received	**50**	10
Repayment of principal under lease liabilities	**(176)**	(152)
Dividends paid to non-controlling interests	**(6)**	(3)
Free cash flow	**1,166**	823

Underlying free cash flow	2023 £m	2022 £m
Free cash flow	**1,166**	823
Add back:		
Cash payments related to the cost action programme and COVID-19 resizing costs	**29**	57
Cash payments related to the strategic portfolio review	**20**	–
Cash payments related to the one-off pension charge	**9**	–
Acquisition transaction costs	**17**	10
Underlying free cash flow	**1,241**	890

Underlying free cash flow conversion	2023 £m	2022 £m
Underlying free cash flow	**1,241**	890
Underlying operating profit	**2,122**	1,590
Underlying free cash flow conversion (%)	**58.5%**	56.0%

Underlying cash tax rate	2023 £m	2022 £m
Tax received	**25**	31
Tax paid	**(466)**	(363)
Net tax paid	**(441)**	(332)
Underlying profit before tax	**1,986**	1,490
Underlying cash tax rate (%)	**22.2%**	22.3%

Business growth

Net new business	2023 £m	2022 £m
New business less lost business	**1,205**	1,398
Prior year organic revenue	**26,087**	18,617
Net new business (%)	**4.6%**	7.5%

35 Exchange rates

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.

	2023	2022
Average exchange rate for the year		
Australian dollar	**1.84**	1.80
Brazilian real	**6.22**	6.72
Canadian dollar	**1.65**	1.64
Euro	**1.15**	1.18
Japanese yen	**171.13**	158.27
Turkish lira	**26.28**	18.45
UAE dirham	**4.49**	4.70
US dollar	**1.22**	1.28
Closing exchange rate at 30 September		
Australian dollar	**1.89**	1.74
Brazilian real	**6.11**	6.04
Canadian dollar	**1.65**	1.53
Euro	**1.15**	1.14
Japanese yen	**182.14**	161.58
Turkish lira	**33.46**	20.69
UAE dirham	**4.48**	4.10
US dollar	**1.22**	1.12

36 Details of related undertakings of Compass Group PLC

Principal subsidiaries	Principal activities
Country of Incorporation: Australia	
Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia	
Compass Group (Australia) Pty Limited	Food and support services
Country of Incorporation: Belgium	
1831 Diegem, Hermeslaan 1H, Belgium	
Compass Group Belgium NV	Food services
Country of Incorporation: Brazil	
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.	Food and support services
Country of Incorporation: Canada	
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada	
Compass Group Canada Ltd. Groupe Compass Canada Ltée [(iii)(iv)(v)(vi)(viii)]	Food and support services
Country of Incorporation: Chile	
Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile	
Compass Catering Y Servicios Chile Limitada	Food and support services
Country of Incorporation: Denmark	
Rued Langgards Vej 8, 1. sal, 2300 København S, DK, Denmark	
Compass Group Danmark A/S	Food services
Country of Incorporation: Finland	
P.O. Box 210, FI-00281 Helsinki, Finland	
Compass Group Finland Oy	Food services
Country of Incorporation: France	
123 Avenue de la République – Hall A, 92320 Châtillon, France	
Compass Group France Holdings SAS	Holding company
Compass Group France SAS	Food and support services
Country of Incorporation: Germany	
Helfmann-Park 2, 65760, Eschborn, Germany	
Compass Group Deutschland GmbH	Holding company
Eurest Deutschland GmbH	Food service to business and industry
Eurest Services GmbH	Support services to business and industry
Country of Incorporation: Italy	
Via Angelo Scarsellini, 14, 20161, Milano, Italy	
Compass Group Italia S.p.A.	Food and support services
Country of Incorporation: Japan	
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan	
Compass Group Japan Inc.	Food and support services

Principal subsidiaries	Principal activities
Country of Incorporation: Netherlands	
Haaksbergweg 70, 1101 DZ, Amsterdam, Netherlands	
Compass Group International B.V.	Holding company
Compass Group Nederland B.V.	Food and support services
Compass Group Nederland Holding B.V.	Holding company
Country of Incorporation: Norway	
Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway	
Compass Holding Norge AS	Holding company
Country of Incorporation: Spain	
Calle Pinar de San José 98 planta 1ª 28054 Madrid, Spain	
Eurest Colectividades S.L.U.	Food and support services
Country of Incorporation: Sweden	
Box 1183, 171 23 Solna, Stockholm, Sweden	
Compass Group Sweden AB	Holding company
Country of Incorporation: Switzerland	
Oberfeldstrasse 14, 8302, Kloten, Switzerland	
Compass Group (Schweiz) AG	Food and support services
Restorama AG	Food service
Country of Incorporation: Türkiye	
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/77 Üsküdar Istanbul, Türkiye	
Sofra Yemek Üretim Ve Hizmet A.Ş. [(iii)]	Food and support services
Country of Incorporation: UK	
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, UK	
Compass Contract Services (U.K.) Limited	Food and support services
Compass Group, UK and Ireland Limited	Holding company
Foodbuy Europe Limited [(iii)(iv)]	Client procurement services management in the UK
Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, UK	
Compass Group Holdings PLC [(i)(iii)]	Holding company and corporate activities
Hospitality Holdings Limited [(i)]	Intermediate holding company

Principal subsidiaries	Principal activities
Country of Incorporation: US	
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US	
Bon Appétit Management Co. [(viii)]	Food service
251 Little Falls Drive, Wilmington, DE 19808, US	
Compass Group USA Investments Inc.	Holding company
Compass Group USA, Inc. [(viii)]	Food and support services
Crothall Services Group	Support services to the healthcare market
Foodbuy, LLC	Purchasing services in North America
Restaurant Associates Corp.	Fine dining facilities
80 State Street, Albany, NY 12207-2543, US	
Flik International Corp.	Fine dining facilities
801 Adlai Stevenson Drive, Springfield, IL 62703, US	
Levy Restaurants Limited Partnership	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)]	Food service to the healthcare and senior living market

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

36 Details of related undertakings of Compass Group PLC continued

Other wholly owned subsidiaries

Country of Incorporation: Algeria

Eurojapan Résidence No.23, RN n°3 BP 398, Hassi Messaoud, Algeria

Eurest Algerie SPA

Country of Incorporation: Angola

Condominio Dolce Vita, Via S8, Edifício 1D, Fração A & B, 2º andar, Talatona, Município de Belas, Luanda, República de Angola

Express Support Services, Limitada

Country of Incorporation: Argentina

Esteban Echeverría 1050, 6th floor, Vicente Lopez (1602), Buenos Aires, Argentina

Servicios Compass de Argentina S.A.

Country of Incorporation: Australia

Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia

28 Villages Pty Ltd

Compass (Australia) Catering & Services PTY Ltd (iii)(iv)

Compass Group B&I Hospitality Services PTY Ltd

Compass Group Defence Hospitality Services PTY Ltd

Compass Group Education Hospitality Services PTY Ltd

Compass Group Healthcare Hospitality Services PTY Ltd

Compass Group Health Services Pty Ltd

Compass Group Management Services PTY Ltd

Compass Group Relief Hospitality Services PTY Ltd

Compass Group Remote Hospitality Services PTY Ltd

Delta Facilities Management PTY Ltd

Delta FM Australia PTY Ltd

Eurest (Australia) Food Services PTY Ltd

Eurest (Australia) PTY Ltd

Foodbuy Pty Ltd

HEC Hospitality Services Pty Ltd

Omega Security Services PTY Ltd

Village Hospitality Holdings Pty Ltd

Village Hospitality Services Pty Ltd

Country of Incorporation: Austria

IZD Tower, Wagramer Strasse 19/4. Stock, 1220 Wien, Austria

Compass Group Austria Holdings One GmbH

Compass Group Austria Holdings Two GmbH

Eurest Restaurationsbetriebsgesellschaft m.b.H

Kunz Gebäudereinigung GmbH

Country of Incorporation: Belgium

1831 Diegem, Hermeslaan 1H, Belgium

Compass Group Service Solutions NV

F.L.R. Holding NV (ii)

Xandrion Belgie BV

Boomseseenweg 28, 2627 Schelle, Belgium

J&M Catering Services NV

Flinckheuvel BV

Silverspoon BV

Gemeentepark 5, 2930 Brasschaat, Belgium

Kasteel Van Brasschaat NV

Country of Incorporation: Brazil

Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 152, Lapa de Baixo, 05.069-900, Brazil

Clean Mall Serviços Ltda.

Foodbuy Alimentos Sociedade Unipessoal Ltda.

Rua Werner Von Siemens, 111, Building 11 (Tower A), mezzanine, Lapa de Baixo, 05.069-900, Brazil

GR Manutenção e Facilites Sociedade Unipessoal Ltda.

Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 151 - parte, Lapa de Baixo, 05.069-900, Brazil

GRSA Serviços LTDA.

Other wholly owned subsidiaries

Country of Incorporation: British Virgin Islands

Craigmuir Chambers, PO Box 71, Roadtown, Tortola, VG1110, British Virgin Islands

Compass Group Holdings (BVI) Limited

Country of Incorporation: Cambodia

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)

Country of Incorporation: Cameroon

100, Rue n° 1044 Hydrocarbures, Bonapriso, BP 5767, Douala, Cameroon

Eurest Cameroun SARL (ii)

Eurest Camp Logistics Cameroun SARL (ii)

Country of Incorporation: Canada

12 Kodiak Crescent, Toronto, Ontario, M3J 3G5, Canada

Imperial Coffee and Services Inc. (iii)(iv)(v)

1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada

Canteen of Canada Limited (iii)

Compass Canada Support Services Ltd (iii)(iv)(v)(vi)(viii)

Compass Group Canada Operations Ltd (iii)

Umbrel Hospitality Group Inc. (iii)

1600-421 7 AVE SW, Calgary, Alberta T2P 4K9, Canada

McMurray Coin Machines (1983) Ltd.

1969 Upper Water Street, Purdy's Wharf Tower II, Suite 1300, Halifax, Nova Scotia B3J 3R7, Canada

Crothall Services Canada Inc. (iii)(iv)

5B rue De Montgolfier, Boucherville, Québec, J4B 8C4, Canada

Caf-Caf Inc. (iii)(iv)(v)(vi)

1959 Upper Water Street, Suite 1100, Halifax, Nova Scotia, B3J 3E5, Canada

East Coast Catering (NS) Limited (iii)

30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada

East Coast Catering Limited (iii)(iv)(viii)(v)

Long Harbour Catering Limited Partnership (x)

Long Harbour Catering Limited (iii)(viii)

421 7th Avenue SW, Suite 1600, Calgary, Alberta, T2P 4K9, Canada

Great West Catering Ltd. (iii)

Tamarack Catering Ltd. (iii)

2580 Rue Dollard, Lasalle, Quebec, H8N 1T2, Canada

Groupe Compass (Québec) Ltée (iii)(iv)(v)(vi)(viii)

550 Burrard Street, Suite 2300, Bentall 5, P.O. Box 30, Vancouver, British Columbia, V6C 2B5, Canada

Town Square Food Services Ltd. (iii)

Country of Incorporation: Chile

Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile

Cadelsur S.A.

Compass Catering S.A.

Compass Servicios S.A.

Scolarest S.A.

Country of Incorporation: China

Room 501 (namely Room 601), Building 2, No. 317, Longwen Road, Xuhui District, Shanghai 200232, China

Compass (China) Management Services Company Limited

Room 503 (namely Room 603), Building 2, No. 317, Longwen Road, Xuhui District, Shanghai 200232, China

Shanghai Eurest Food Technologies Service Co., Ltd.

Country of Incorporation: Colombia

Calle 98#11B – 29 Bogotá - Colombia

Compass Group Services Colombia S.A.

Other wholly owned subsidiaries

Country of Incorporation: Congo

Enceinte de Brometo Centre Ville, BP 5208, Pointe-Noire, The Democratic Republic of the Congo

Eurest Services Congo SARL (ii)

Country of Incorporation: Cyprus

195, Arch. Makariou III Avenue, Neocleous House, 3030 Limassol, Cyprus

ESS Design & Build Ltd (ii)

Eurest Support Services (Cyprus) International Ltd

Country of Incorporation: France

123 Avenue de la République – Hall A, 92320 Châtillon, France

Academie Formation Groupe Compass SAS

Caterine Restauration SAS

Delisaveurs SAS

Eurest Sports & Loisirs SAS

La Puyfolaise de Restauration SAS

Levy Restaurants France SAS

Mediance SAS

Memonett SAS

Servirest SAS

SHRM Angola SAS (ii)

Société Nouvelle Lecocq SAS

Sud Est Traiteur SAS

Rue des Artisans, ZA de Bel Air, 12000 Rodez, France

Central Restauration Martel (CRM)

Zone Artisanale, 40500 Bas Mauco, France

Culinaire Des Pays de L'Adour SAS

40, Bd de Dunkerque, 13002 Marseille, France

Société International D'Assistance SA (ii)

Lieu Dit la Prade, 81580 Soual, France

Occitanie Restauration SAS

3 rue Camille Claudel Atlanparc Bat.M, Zone Kerluherne, CS 20043, 56890 Plescop, France

Oceane de Restauration SAS

Rue Eugène Sué, Zone Industrielle de Blanzat, 03100 Montluçon, France

Sogirest SAS

Country of Incorporation: Gabon

ZONE OPRAG, (Face á Bernabé Nouveau Port), BP 1292, Port Gentil, Gabon

Eurest Support Services Gabon SA (ii)

Country of Incorporation: Germany

Adolphsplatz 1, 20457 Hamburg, Germany

Maison van den Boer Deutschland GmbH

Helfmann-Park 2, 65760, Eschborn, Germany

Compass Group GmbH

Eurest Süd GmbH

Food affairs GmbH

Foodbuy CE GmbH

Kanne Café GmbH

Medirest GmbH

MU Catering Bremen GmbH

Royal Business Restaurants GmbH

S.B. Verwaltungs GmbH

Kallstadter Str. 1, 68309 Mannheim, Germany

Eurest Mannheim GmbH

Konrad-Zuse-Platz 2, 81829 München, Germany

Leonardi HPM GmbH

Leonardi GmbH & Co. KG

Leonardi Kaffee neu entdecken GmbH & Co. KG

Leonardi SVM GmbH

Levy Restaurants GmbH

Sankt-Florian-Weg 1, 30880, Laatzen, Germany

orgaMed Betriebsgesellschaft für Zentralsterilisationen GmbH

PLURAL Gebäudemanagement GmbH

PLURAL Personalservice GmbH

PLURAL Servicepool GmbH

Pfaffenwiese, 65929 Frankfurt/M., Germany

LPS Event Gastronomie GmbH

36 Details of related undertakings of Compass Group PLC continued

Other wholly owned subsidiaries

Country of Incorporation: Guernsey

PO Box 119, Martello Court, Admiral Park, St Peter Port, GY1 3HB, Guernsey

Compass Group Finance Ltd

Country of Incorporation: Hong Kong

Room 805, 8/F, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong

Compass Group Hong Kong Ltd

Encore Catering Ltd

Shing Hin Catering Group Ltd

Country of Incorporation: India

7th Floor, Tower B, Spaze I - Tech Park, Sector 49, Sohna Road, Gurgaon – 122018, India

Compass Group (India) Private Limited

Compass India Food Services Private Limited

Country of Incorporation: Ireland

3rd Floor, 43a, Yeats Way, Parkwest Business Park, Dublin 12, Ireland

Amstel Limited (ii)

Catering Management Ireland Limited (ii)

Cheyenne Limited (ii)

Compass Catering Services, Ireland Limited

COH Ireland Investments Unlimited Company (viii)(ix)

Drumburgh Limited (ii)

Fitzers Catering Events, Venue & Location Catering Limited

Fitzers Catering Limited

Management Catering Services Limited

National Catering Limited (ii)

Rushmore Investment Company Limited (ii)(viii)

Sutcliffe Ireland Limited

Zadca Limited (ii)

Unit 3, Northwest Business Park, Blanchardstown, Dublin 15, Ireland

Glanmore Foods Limited

Country of Incorporation: Isle of Man

Tower House, Loch Promenade, Douglas, IM1 2LZ, Isle of Man

Queen's Wharf Insurance Services Limited (viii)

Country of Incorporation: Japan

Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan

Fuyo, Inc.

Country of Incorporation: Jersey

44 Esplanade, St Helier, JE4 9WG, Jersey

Malakand Unlimited (i)

Country of Incorporation: Kazakhstan

060011, Atyrauskaya Oblast, Atyrau City, Beibarys Sultan Avenue 506, Kazakhstan

Compass Kazakhstan LLP

Eurest Support Services Kazakhstan LLP (ii)

ESS Support Services LLP

Country of Incorporation: Kenya

209/8919 Sigma Road Off Enterprises Road, PO BOX 14 662, Nairobi, Kenya

Kenya Oilfield Services Ltd (ii)

Country of Incorporation: Luxembourg

1-5 rue de l'Innovation, L-1896 Kockelscheuer, Luxembourg

Eurest Luxembourg S.A.

IMMO Capellen S.A.

Innoclean S.A.

Novelia Senior Services S.A.

Other wholly owned subsidiaries

Country of Incorporation: Malaysia

Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia

Compass Group Malaysia Sdn Bhd

50-8-1, TKT.8, Wsima UOA Damansara, 50 Jalan. Dungun, Damansara Heights, Kuala Lumpur, 50490, Malaysia

S.H.R.M. Sdn. Bhd. (ii)

Country of Incorporation: Mexico

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)

Eurest Proper Meals de Mexico S.A. de C.V. (iii)(iv)

Servicios Corporativos Eurest-Proper Meals de Mexico S.A. De C.V. (iii)(iv)

251 Little Falls Drive, Wilmington, DE 19808, USA

Food Works of Mexico, S. de R.L. de C.V. (ii)(iii)(iv)

Food Works Services of Mexico, S. de R.L. De C.V. (ii)(iii)(iv)

Country of Incorporation: Netherlands

Haaksbergweg 70, 1101 BZ, Amsterdam, Netherlands

CGI Holdings (2) B.V.

Compass Group Finance Netherlands B.V.

Compass Group Holding B.V.

Compass Group International 2 B.V.

Compass Group International 3 B.V.

Compass Group International 4 B.V.

Compass Group International 5 B.V.

Compass Group International 9 B.V.

Compass Group International Finance 1 B.V.

Compass Group International Finance 2 B.V.

Compass Group Vending Holding B.V.

Compass Hotels Chertsey B.V.

Eurest Services B.V.

Middenweg 168e, 1782BL Den Helder, Netherlands

Eurest Support Services (ESS) B.V.

De Amert 207, 5462GH, Veghel, Netherlands

Maison van den Boer B.V.

Luzernestraat 57, 2153 GM, Nieuw-Vennep, Netherlands

Famous Flavours B.V. (viii)

Stationsweg 95, 6711 PM Ede, Netherlands

Xandrion B.V.

Country of Incorporation: New Caledonia

85 Avenue du Général de Gaulle, Immeuble Carcopino 3000, BP 2353, 98846 Nouméa Cedex, New Caledonia

Eurest Caledonie SARL (ii)

Country of Incorporation: New Zealand

Level 3, 7-11 Kenwyn Street, Parnell, Auckland, 1052, New Zealand

Compass Group New Zealand Limited

Crothall Services Group Limited (ii)

Eurest NZ Limited (ii)

Other wholly owned subsidiaries

Country of Incorporation: Norway

Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway

Compass Group Norge AS (iii)

Forusparken 2, 4031 Stavanger, Postboks 8083 Stavanger Postterminal, 4068, Stavanger, Norway

ESS Mobile Offshore Units AS

ESS Support Services AS

Country of Incorporation: Papua New Guinea

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)

Country of Incorporation: Philippines

Unit 2410 24th flr, City & Land Mega Plaza, ADB Ave., Ortigas Ctr., San Antonio, Pasig City 1605, Philippines

Compass Group Philippines Inc (ii)

Country of Incorporation: Poland

Ul. Olbrachta 94, 01-102 Warszawa, Poland

Compass Group Poland Sp. Z o.o.

Country of Incorporation: Portugal

Edíficio Prime, Avenida da, Quinta Grande, 53-60, Alfragide 2614-521 Amadora, Portugal

Eurest (Portugal) – Sociedade Europeia de Restaurantes, Lda.

Eurest Catering & Services Group Portugal, Lda.

Country of Incorporation: Singapore

82 Ubi Avenue 4, #07-03 Edward Boustead Centre, 408832, Singapore

Compass Group (Singapore) PTE Ltd (iii)(iv)

8 Marina Boulevard, # 05-02, Marina Bay Financial Centre, 018981, Singapore

Compass Group Asia Pacific PTE. Ltd (ii)

Country of Incorporation: Spain

Calle Frederic Mompou 5, planta 5a, Edificio Euro 3, 08960, San Just Desvern, Barcelona, Spain

Asistentes Escolares, S.L.

Eurest Catalunya, S.L.U.

Medirest Social Residencias, S.L.U.

Calle Castilla 8-10 – C.P. 50.009, Zaragoza, Spain

Servicios Renovados de Alimentacion, S.A.U.

Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain

Eurest Parques, S.L.U.

Eurest Servicios Feriales, S.L.U.

Poligono Ugaldeguren 1, Parcela 7, 48160 Derio (Vizcaya), Spain

Eurest Euskadi S.L.U.

Calle R, s/n, Mercapalma, 07007 Palma de Mallorca, Baleares, Spain

Compass Group Holdings Spain, S.L.U.

Levy Compass Group Holdings, S.L. (ii)

Country of Incorporation: Sweden

Box 1183, 171 23 Solna, Stockholm, Sweden

Compass Group AB

c/o Deloitte AB, 113 79, Stockholm, Sweden

Compass Group FS Sweden AB (ii)

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

36 Details of related undertakings of Compass Group PLC continued

Other wholly owned subsidiaries

Country of Incorporation: Switzerland

c/o BDO AG, Industriestrasse 53 6312 Steinhausen, Switzerland

Creative New Food Dream Steam GmbH

Gwattstrasse 8, 3185 Schmitten FR, Switzerland

Sevita Group GmbH

Country of Incorporation: Türkiye

Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/73 Üsküdar Istanbul, Türkiye

Euroserve Gűvenlik A.Ş.

Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/78 Üsküdar Istanbul, Türkiye

Euroserve Hizmet ve işletmecilik A.Ş.

Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/74 Üsküdar Istanbul, Türkiye

Turkaş Gıda Hizmet ve İşletmecilik A.Ş.

Country of Incorporation: UAE

Dubai Airport Free Zone, Dubai, United Arab Emirates

Compass Camea FZE

Country of Incorporation: UK

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

14Forty Limited (ii)
3 Gates Services Limited (ii)
A.C.M.S. Limited (ii)
Air Publishing Limited
Bateman Catering Limited (ii)(vii)
Bateman Healthcare Services Limited (ii)
Baxter and Platts Limited (iii)(iv)(v)
Bromwich Catering Limited (ii)
Business Clean Limited (ii)
Capitol Catering Management Services Limited
Carlton Catering Partnership Limited (ii)(iii)
Castle Independent Limited (ii)
Cataforce Limited (ii)
Caterexchange Limited (ii)
Caterskill Group Limited (ii)
Caterskill Management Limited (ii)
Chalk Catering Ltd (ii)
Chartwells Hounslow (Feeding Futures) Limited (iii)(iv)
Chartwells Limited (ii)
Circadia Limited (ii)
Cleaning Support Services Limited (ii)
Compass Accounting Services Limited (ii)
Compass Catering Services Limited (ii)
Compass Cleaning Services Limited (ii)
Compass Contract Services Limited (ii)
Compass Contracts UK Limited (ii)(viii)
Compass Experience Limited (ii)(vii)
Compass Food Services Limited
Compass Group Medical Benefits Limited (ii)
Compass Mobile Catering Limited (ii)
Compass Office Cleaning Services Limited (ii)
Compass Payroll Services Limited (ii)
Compass Planning and Design Limited (ii)
Compass Purchasing Limited
Compass Road Services Limited (ii)
Compass Security Limited (ii)(vii)
Compass Security Oldco Group Limited (ii)
Compass Security Oldco Holdings Limited (ii)
Compass Security Oldco Investments Limited (ii)
Compass Services (Midlands) Limited (ii)
Compass Services for Hospitals Limited (ii)(viii)
Compass Services Group Limited (ii)
Compass Services Limited (ii)
Compass Services Trading Limited (ii)
Compass Services, UK and Ireland Limited
Compass Services (U.K.) Limited
Compass Staff Services Limited (ii)

Other wholly owned subsidiaries

Cookie Jar Limited (ii)
CRBS Resourcing Limited (ii)
CRN 1990 (Four) Limited (ii)
Customised Contract Catering Limited (ii)
Cygnet Food Holdings Limited (ii)
Cygnet Foods Limited
Dine Contract Catering Limited
DRE Developments Limited (ii)
E-Foods Limited
Eat Dot Limited (ii)(iii)
Eaton Catering Limited (ii)
Eaton Wine Bars Limited (ii)
EF Group Ltd (iii)(iv)
Equinoxe Solutions Limited
Eurest Airport Services Limited (ii)
Eurest Defence Support Services Limited (ii)
Eurest Offshore Support Services Limited (ii)(viii)
Eurest Prison Support Services Limited (ii)
Eurest UK Limited (ii)
Everson Hewett Limited (ii)(iii)(iv)
Facilities Management Catering Limited (ii)
Fads Catering Limited (ii)
Fairfield Catering Company Limited (ii)
Fingerprint Managed Services Limited (ii)
Funpark Caterers Limited (ii)(iii)
Goodfellows Catering Management Services Limited (ii)
Gruppo Events Limited (ii)
Hallmark Catering Management Limited (ii)
Hamard Catering Management Services Limited (ii)(vii)
Hamard Group Limited (ii)
Henry Higgins Limited (ii)
Hospital Hygiene Services Limited (ii)
Integrated Cleaning Management Limited
Integrated Cleaning Management Support Services Limited
Keith Prowse Limited (ii)
Kennedy Brookes Finance Limited (ii)
Knott Hotels Company of London (ii)
Langston Scott Limited (ii)
Leisure Support Services Limited (iii)(iv)
Leith's Limited (ii)
Letheby & Christopher Limited (ii)
Meal Service Company Limited (ii)
Milburns Catering Contracts Limited (ii)
Milburns Limited (ii)
Milburns Restaurants Limited (ii)(iii)
National Leisure Catering Limited (ii)
NLC (Holdings) Limited (ii)
NLC (Wembley) Limited (ii)
P & C Morris (Catering) Ltd (ii)(vii)
P & C Morris Catering Group Limited (ii)
Payne & Gunter Limited (ii)
Pennine Services Limited (ii)
Peter Parfitt Leisure Overseas Travel Limited (ii)
Peter Parfitt Sport Limited (ii)(vii)
PPP Infrastructure Management Limited
Prideoak Limited (ii)
QCL Limited (ii)
Regency Purchasing Group Limited (iii)(iv)(v)(vi)
Regency Technologies Ltd (iii)(iv)
Reliable Refreshments Limited
Rhine Four Limited (ii)(vii)
Rocket Food Ltd (iii)
Roux Fine Dining Limited (ii)
Scolarest Limited (ii)
Security Office Cleaners Limited (ii)
Selkirk House (CVH) Limited (ii)
Selkirk House (FP) Limited (ii)(iii)(iv)(v)
Selkirk House (GHPL) Limited (ii)(viii)

Other wholly owned subsidiaries

Selkirk House (GTP) Limited (ii)
Selkirk House (WBRK) Limited
Shaw Catering Company Limited
Ski Class Limited (ii)
Solutions on Systems Ltd (ii)
Summit Catering Limited (ii)
Sunway Contract Services Limited
Sutcliffe Catering Midlands Limited (ii)
Sutcliffe Catering South East Limited (ii)
Sycamore Newco Limited (ii)
The Bateman Catering Organization Limited (ii)(viii)
The Cuisine Centre Limited (ii)
THF Oil Limited (ii)
Tunco (1999) 103 Limited (ii)
Vendepac Holdings Limited (viii)
Vivo Markets Ltd
Waseley Fifteen Limited (ii)
Waseley Nominees Limited (ii)
Wembley Sports Arena Limited (ii)
Wheeler's Restaurants Limited (ii)(vii)
Woodin & Johns Limited (ii)

Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, UK

Audrey (London) Limited (ii)
Audrey Investments Limited (ii)
Bateman Services Limited (ii)
Compass Group Finance No.2 Limited (i)
Compass Group Finance No.3 Limited
Compass Group Finance No.4 Limited (i)(iii)(iv)(viii)
Compass Group Finance No.5 Limited (i)(ii)(xi)
Compass Group North America Investments No.2
Compass Group North America Investments Limited
Compass Group Pension Trustee Company Limited (ii)
Compass Group Procurement Limited
Compass Group Trustees Limited (ii)
Compass Healthcare Group Limited (ii)(viii)
Compass Hotels Chertsey (iii)
Compass Nominee Company Number Fourteen Limited (ii)
Compass Overseas Holdings Limited
Compass Overseas Holdings No.2 Limited
Compass Overseas Services Limited (ii)
Compass Pension Trustees Limited (ii)
Compass Quest Limited (ii)
Compass Secretaries Limited (ii)
Compass Site Services Limited (ii)(vii)
Compass UK Pension Trustee Co Limited (ii)
Crisp Trustees Limited (ii)
Meritglen Limited (ii)(vii)(viii)
Nextonline Limited (iii)(iv)
Sevita (UK) Limited
The Compass Group Foundation
The Excelsior Insurance Company Limited

Suite D, Pavilion 7 Kingshill Park, Venture Drive, Arnhill Business Park, Westhill, Aberdeenshire, AB32 6FL, UK

CCG (UK) Ltd (ii)
Coffee Partners Limited (ii)
Compass Offshore Catering Limited (ii)(viii)
Compass Scottish Site Services Limited (ii)
Waseley (CVI) Limited (ii)
Waseley (CVS) Limited (ii)

1st Floor, 12 Cromac Quay, Cromac Wood, Belfast, Northern Ireland, BT7 2JD, UK

Lough Erne Holiday Village Limited (ii)

36 Details of related undertakings of Compass Group PLC continued

Other wholly owned subsidiaries
Country of Incorporation: US
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US
Bon Appétit Management Company Foundation
CulinArt of California, Inc.
H&H Catering, L.P.
211 E. 7th Street, Suite 620, Austin, TX 78701-3218, US
Bamco Restaurants of Texas LLC
Levy Premium Foodservice, L.L.C. (ii)
Levy Texas Beverages, LLC
Morrison's Health Care of Texas, Inc.
University Food Services, Inc.
Wolfgang Puck Catering & Events of Texas, LLC
2345 Rice Street, Suite 230, Roseville, MN 55113, US
Canteen One, LLC
Street Eats Limited
84 State Street, Boston, MA 02109, US
Fame Food Management Inc.
The Food Management Enterprise Corporation
7 St. Paul Street, Suite 820, Baltimore, MD 21202, US
Levy Baltimore, LLC
251 Little Falls Drive, Wilmington, DE 19808, US
A.Anthony, LLC
BenchWorks, Inc.
Bleuxus LLC
BlueStar Refreshment Services, LLC
CCL Hospitality Group, LLC
CG Analytics Consulting, LLC
CLS Par, LLC
Collective 52, LLC
Compass LATAM Corp.
Compass LCS, LLC
Compass LV, LLC
Compass Paramount, LLC
Concierge Consulting Services, LLC
Convenience Foods International, Inc.
Coreworks, LLC
Corporate Essentials LLC
Crothall Healthcare Inc.
Eat Cloud LLC
Eurest Services, Inc.
Facilities Holdings, LLC
Flik One, LLC
Fresh & Ready Foods LLC
HC Foods, LLC
Levy Oklahoma, Inc.
Levy Prom Golf, LLC
Morrison Investment Company, Inc.
National Produce Consultants, LLC f/k/a/ National Produce FB, LLC
RAC Holdings Corp. (iii)
Rank + Rally, LLC
Restaurant Services I, LLC
S-82 LLC
SpenDifference LLC
Touchpoint Support Services, LLC
Unidine Corporation
Unidine Lifestyles, LLC
Unidine Nevada, LLC
University Food Services, LLC
Wolfgang Puck Catering and Events, LLC
WPL, LLC
Yorkmont Four, Inc.

Other wholly owned subsidiaries
801 Adlai Stevenson Drive, Springfield, IL 62703, US
E15, LLC
Levy (Events) Limited Partnership
Levy (IP) Limited Partnership
Levy Food Service Limited Partnership
Levy GP Corporation
Levy Holdings GP, Inc.
Levy Illinois Limited Partnership
Levy Premium Foodservice Limited Partnership
Levy R & H Limited Partnership
Levy World Limited Partnership
Professional Sports Catering, LLC
Restaurant One Limited Partnership
RT Wholesale, LLC
Superior Limited Partnership
508 Meeting Street, West Columbia, SC 29169, US
CGSC Capital, Inc.
450 Laurel Street, 8th Floor, Baton Rouge, LA 70801, US
Coastal Food Service, Inc.
S.H.R.M. Catering Services, Inc.
80 State Street, Albany, NY 12207-2543, US
CulinArt Group, Inc.
CulinArt, Inc.
Mazzone Hospitality, LLC
Quality Food Management, Inc.
RA Tennis Corp.
RANYST, Inc.
Restaurant Associates LLC
Restaurant Associates, Inc.
Restaurant Services Inc.
2626 Glenwood Avenue, Suite 550, Raleigh, NC 27608, US
Compass 2K12 Services, LLC
Compass HE Services, LLC
Compass One, LLC
Compass Two, LLC
Strategic Dining Services, LLC
Waveguide LLC
2595 Interstate Drive, Suite 103, Harrisburg, PA 17110, US
Crothall Facilities Management, Inc.
Custom Management Corporation of Pennsylvania
Morrison's Custom Management Corporation of Pennsylvania
Newport Food Service, Inc.
Williamson Hospitality Services, Inc.
3366 Riverside Drive, Suite 103, Upper Arlington, OH 43221, US
Cuyahoga Dining Services, Inc.
40 Technology Pkwy South, #300, Norcross, GA 30092, US
Food Services Management By Mgr, LLC
Morrison Alumni Association, Inc.
The M-Power Foundation, Inc.
221 Bolivar Street, Jefferson City, MO 65101, US
Dynamic Vending, Inc.
Fresh Ideas Management, LLC
Princeton South Corporate Ctr, Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628, US
Gourmet Dining, LLC
MC-CSC1 300 Deschutes Way SW, Suite 208, Tumwater, WA 98501, US
BlueStar Refreshment Services Washington, LLC
Inter Pacific Management, Inc.

Other wholly owned subsidiaries
2900 SW Wanamaker Drive, Suite 204, Topeka, KS 66614, US
Levy Kansas, LLC
Myron Green Corporation
PFM Kansas, Inc.
Treat America Limited
8825 N. 23rd Avenue, Suite 100, Phoenix, AZ 85021, US
Prodine, Inc.
Sacco Dining Services, Inc.
2908 Poston Avenue, Nashville, TN 37203, US
Southeast Service Corporation
8585 Old Dairy Road, Suite 208, Juneau, AK 99801, US
Statewide Services, Inc.
600 S, 2nd Street, Suite 155, Bismarck, ND 58504, US
Compass ND, LLC
2 Sun Court, Suite 400, Peachtree Corners, GA 30092, US
Eversource LLC

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

36 Details of related undertakings of Compass Group PLC continued

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	% Holding
Country of Incorporation: Australia	
Level 3, 12 Newcastle Street, Perth 6000, Australia	
ESS Thalanyji PTY Ltd	60
Country of Incorporation: Canada	
1 Prologis Boulevard, Suite 400, Mississauga, Ontario, L5W 0G2, Canada	
Chef's Hall Inc. (iii)	67
Compass Group Sports and Entertainment – (Quebec) (x)	67
Mercatino Foods Inc. (iii)(iv)	60
ECC – ESS Support Services (x)	50
2265668 Ontario Limited (iii)(iv)(v)(vi)(viii)	49
Amik Catering LP (x)	49
Dease River – ESS Support Services (x)	49
Dene West Limited Partnership (x)	49
ESS – East Arm Camp Services (x)	49
ESS – Kaatodh Camp Services (x)	49
ESS – Loon River Support Services (x)	49
ESS – Mi'kmaq Support Services (x)	49
ESS – Missanabie Cree Support Services (x)	49
ESS – Na Cho Nyak Dun Camp Services (x)	49
ESS – N'deh Support Services (x)	49
ESS – Ochapowace Support Services (x)	49
ESS – Pessamit Camp Services (x)	49
ESS – Wapan Manawan Services de Soutien (x)	49
ESS-CreeQuest Support Services	49
ESS-Nuvumiut Support Services (x)	49
Nuvumiut-ESS Support Services (x)	49
ESS-SDEUM Support Services (x)	49
ESS-White River Support Services	49
ESS Haisla Support Services (x)	49
ESS HLFN Support Services (x)	49
ESS KNRA Support Services (x)	49
ESS Komatik Support Services (x)	49
ESS Liard First Nation Support Services (x)	49
ESS McKenzie Support Services (x)	49
ESS Okanagan Indian Band Support Services (x)	49
ESS Tataskweyak Camp Services (x)	49
ESS/Bushmaster Camp Services (x)	49
ESS/McLeod Lake Indian Band Support Services (x)	49
ESS/Mosakahiken Cree Nation Support Services (x)	49
ESS/Takla Lake Support Services (x)	49
ESS/WEDC Support Services (x)	49
First North Catering (x)	49
Hill Plain - ESS Support Services (x)	49
JCP – ESS Support Services (x)	49
KDM – ESS Support Services (x)	49
Metis Infinity – ESS Support Services	49
Mi'kma'ki Domiculture	49
Mi'Kmaq-ECC Nova Scotia Support Services (x)	49
Nisga'a Village – ESS Support Services (x)	49
Poplar Point Catering (x)	49
Songhees Nation Support Services (x)	49
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada	
Labrador Catering Inc. (iii)	49
Labrador Catering LP (x)	49
Clearwater River Dene Nation Reserve No. 222, P.O. Box 5050, Clearwater, Saskatchewan, S0M 3H0, Canada	
Clearwater Catering Limited (iii)(iv)(v)(vi)	49
77 King Street West, No. 400, Toronto, Ontario, M5K 0A1, Canada	
O&B Yonge Richmond LP*	33.4
1600-421 7 AVE SW, Calgary, Alberta T2P 4K9, Canada	
Rimfire Solutions Ltd.	40
Country of Incorporation: Finland	
Keskussairaalantie Opinkivi 2, 40600 Jyväskylä, Finland	
Semma Oy	45
Linnankatu 26 A 41, 20100, Turku, Finland	
Unica Oy	49
Country of Incorporation: France	
Le Puy Du Fou, 85590 Les Epesses, France	
Puy Du Fou Restauration SAS	99.8
Country of Incorporation: Germany	
Steenbeker Weg 25, 24106, Kiel, Germany	
Lubinus – orgaMed Sterilgut GmbH	49
Country of Incorporation: India	
1st Floor, VK Kalyani Commercial Complex, Sankey Rd, Opp: BDA Head Office, Bengaluru, Kamataka, 560020, India	
Bottle Lab Technologies Private Limited	79.55
Nextup Technologies Private Limited	79.55
Country of Incorporation: Japan	
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan	
Chiyoda Kyushoku Services Co., Ltd	90
5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan	
Seiyo General Food Co., Ltd	50
Country of Incorporation: Kazakhstan	
060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan	
Eurest Support Services Company B LLP (ii)	50
060011, Old Airport Road 64, Atyrau City, Atyrau Oblast, Republic of Kazakhstan	
ESS Kazakhstan LLP	60
Country of Incorporation: Luxembourg	
39 Boulevard Joseph, II L-1840, Luxembourg	
Geria SA	25
Country of Incorporation: Malaysia	
Suite 1301, 13th Floor, City Plaza Jalan Tebrau, 80300 Johor Bahru Johor, Malaysia	
Knusford Compass Sdn. Bhd.	49
Country of Incorporation: Monaco	
1 Avenue Henri Dunant, Palais De La Scala, 3eme, Etage – No 1125, 98000 MC, Monaco	
Eurest Monaco S.A.	99.99
Country of Incorporation: Netherlands	
Haaksbergweg 70, 1101 BZ, Amsterdam, Netherlands	
Compass Group International Finance C.V. (x)	100
Country of Incorporation: Norway	
Okesnoyveien 16, 1366, Lysaker, 1366, Norway	
Forpleiningstjenester AS	33.33
Harbitzalléen 2A, 0275 Oslo, PÅ Box 4148, Sjølyst, 0217 Oslo, Norway	
Gress Gruppen AS	33.33
Country of Incorporation: Papua New Guinea	
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)	55
Eurest Lotic (PNG) JV Ltd (ii)	50
Country of Incorporation: Qatar	
2 Floor, Al Mana Commercial Tower, C-Ring road, Doha, PO BOX 22481, Qatar	
Compass Catering Services WLL	20
Country of Incorporation: Saudi Arabia	
3927, Al Khobar, Street Prince Sultan, Al Jawhara Dist 9618, Saudi Arabia	
Compass Arabia Co. Ltd (LLC)	30
Country of Incorporation: Spain	
Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain	
Gourmet on Wheels, S.L.U.	99
Country of Incorporation: UAE	
Office No. 209, Mawilah, Al Sharjah, P O Box: 1897, United Arab Emirates	
ADNH– Compass LLC	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	50
Hotel owned by Emaar Properties, Building No. 1, Parcel ID 392-497, Dubai Marina, United Arab Emirates	
Abu Dhabi National Hotels – Compass Emirates LLC	50
Country of Incorporation: UK	
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom	
Quaglino's Limited (iii)	99
County Ground, Edgbaston, Birmingham, B5 7QU, United Kingdom	
Edgbaston Experience Limited (iii)(iv)	25
67 Shrivenham Hundred Business Park Majors Road, Watchfield, Swindon, Oxfordshire, SN6 8TY, United Kingdom	
Benchmark Designs Limited (iii)	50
Lower Ground 04 Edinburgh House, 154-182 Kennington Lane, London, SE11 5DP, United Kingdom	
Peppermint Events Limited	50
POP (Purveyors of Plenty) Collective Limited	50
Rugby House Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex, TW2 7BA, United Kingdom	
Twickenham Experience Limited	15.53[1]
The Oval, Kennington, London, SE11 5SS United Kingdom	
Oval Events Holdings Limited (iv)(v)(vi)	37.5
Oval Events Limited (iv)(v)(vi)	37.5
1st Floor 4 Tabernacle Street, London, EC2A 4LU, United Kingdom	
Cucumber Holdings Limited (iii)	33.9
Kerb Berlin Limited (iii)	33.9
Kerb Events Limited (iii)(iv)	33.9
Kerb Group Limited (iii)(v)(vi)	33.9
Kerb Seven Dials Limited (iii)	33.9
Clere House, 3 Chapel Place, London, EC2A 3DQ, United Kingdom	
Kerb Ventures Limited (iii)	33.9

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

36 Details of related undertakings of Compass Group PLC continued

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	% Holding
Country of Incorporation: US	
945 Market Street, San Francisco, CA 94103, US	
Saluhall SF Inc.	33.9
7 St. Paul Street, Suite 820, Baltimore, MD 21202, US	
Bon Appétit Maryland, LLC	99
84 State Street, Boston, MA 02109, US	
Levy Maryland, LLC	74
251 Little Falls Drive, Wilmington, DE 19808, US	
HHP-MMS JV1, LLC	90
HHP-Partner COL, LLC	90
HHP-Partner, LLC	90
MMS JV Holdings, LLC	90
Levy LA Concessions, LLC	62.5
Learfield Levy Foodservice, LLC	50
Parlay Solutions, LLC	50
DIOSS LLC	49
Thompson Facilities Services LLC	49
Thompson Hospitality Services, LLC	49
Chicago Restaurant Partners, LLC	42
1209 Orange St., Wilmington, DE 19801, US	
Link-Age Venture Labs, LLC	30
1090 Vermont Ave N.W., Washington, DC 20005, US	
Seasons Culinary Services, Inc	50.1
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US	
Cosmopolitan Catering, LLC	60
4605 Duke Drive, Suite 110, Mason, OH 45040, US	
Linkage Solutions, LLC	49
980 N. Michigan Ave., Suite 400, Chicago, IL 60611, US	
McCormick Food Service Partners	80
Convention Hospitality Partners	75
Atlanta Sports Catering	50
Orlando Foodservice Partners	50
8585 Old Dairy Road, Suite 208, Juneau, AK 99801, US	
KIJIK/ESS, LLC	80
Statewide/GanaAYoo JV	50
80 State Street, Albany, NY 12207-2543, US	
Hudson Yards Catering, LLC	49
7901 Fourth St. N. STE 300, St. Petersburg, FL 33702, US	
Food Fleet Inc.	25
Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, US	
AEG Venue Management Holdings, LLC	38

Notes
1. Unless otherwise stated, indirectly owned by Compass Group PLC, active status and ordinary shares issued.
2. Unless stated otherwise, 100% owned.
3. 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.
4. 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 2023

Compass Group PLC	Notes	30 September 2023 £m	2022 £m
Fixed assets			
Investments in subsidiary undertakings	2	**6,714**	1,105
Current assets			
Debtors: amounts falling due within one year	3	**2,034**	2,752
Debtors: amounts falling due after more than one year	3	**5,993**	8,094
Cash at bank and in hand		**434**	1,459
Current assets		**8,461**	12,305
Creditors: amounts falling due within one year			
Creditors: amounts falling due within one year	4	**(9,271)**	(5,928)
Net current (liabilities)/assets		**(810)**	6,377
Total assets less current liabilities			
Total assets less current liabilities		**5,904**	7,482
Creditors: amounts falling due after more than one year			
Creditors: amounts falling due after more than one year	4	**(2,500)**	(3,527)
Provisions		**(3)**	(3)
Net assets		**3,401**	3,952
Equity			
Share capital	6	**198**	198
Share premium		**189**	189
Capital redemption reserve		**295**	295
Own shares reserve		**(1,513)**	(515)
Retained earnings[1]		**4,232**	3,785
Total equity		**3,401**	3,952

1. The Company's profit on ordinary activities after tax was £1,077m (2022: £764m), which includes dividend income of £1,039m (2022: £500m) from an intermediate holding company, Hospitality Holdings Limited.

The accompanying notes form part of these Parent Company financial statements.

Approved by the Board of Directors on 20 November 2023 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 2023

Equity	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares reserve £m	Share-based payment reserve £m	Retained earnings[1] £m	Total £m
At 1 October 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[2]	–	–	–	(502)	–	–	(502)
Transfer[3]	–	–	–	(13)	(301)	314	–
Dividends paid to shareholders[4]	–	–	–	–	–	(418)	(418)
At 30 September 2022	198	189	295	(515)	–	3,785	3,952
Own shares held by the Compass Group PLC All Share Schemes Trust	–	–	–	**(4)**	–	–	**(4)**
Profit for the year	–	–	–	–	–	**1,077**	**1,077**
Fair value of share-based payments	–	–	–	–	–	**44**	**44**
Cost of shares transferred to employees	–	–	–	**26**	–	**(26)**	–
Purchase of own shares – share buyback[2]	–	–	–	**(1,004)**	–	–	**(1,004)**
Purchase of own shares – employee share-based payments	–	–	–	**(16)**	–	–	**(16)**
Dividends paid to shareholders[4]	–	–	–	–	–	**(648)**	**(648)**
At 30 September 2023	**198**	**189**	**295**	**(1,513)**	–	**4,232**	**3,401**

1. The non-distributable portion of retained earnings is £340m at 30 September 2023 (2022: £301m).
2. Including stamp duty and brokers' commission.
3. In 2022, the share-based payments reserve was transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings and the value of shares in Compass Group PLC purchased in previous years and held in treasury at 30 September 2022 was transferred from retained earnings to the own shares reserve.
4. Details of dividends paid to equity shareholders are shown in note 8 to the consolidated financial statements.

The accompanying notes form part of these Parent Company financial statements.

Capital redemption reserve

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.

Own shares reserve

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 own shares reserve comprises £1,501m in respect of 70,170,859 shares in Compass Group PLC held in treasury and £12m in respect of 573,223 shares in Compass Group PLC held by the Compass Group PLC All Share Schemes Trust (ASST).

The share buyback announced in November 2022 was completed in March 2023, with 13,127,521 shares repurchased during the year for a total price, including transaction costs, of £251m. Transaction costs of £1m were incurred in respect of the 3,447,549 shares repurchased during the year in respect of the completion of the share buyback announced in May 2022.

In May 2023, the Company announced that it was commencing a further share buyback to repurchase up to £750m of its own shares. During the year, 29,736,882 shares were repurchased for a total price, including transaction costs, of £621m, of which £600m was paid in cash during the year. The mandate issued to the broker to purchase the shares was irrevocable at 30 September 2023 and, therefore, a creditor of £131m in respect of the value of the shares not yet purchased has been recognised. The share buyback was completed in November and, in total, 36,094,092 shares were repurchased under the programme for a total price, including transaction costs, of £752m.

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. During the year, 800,000 shares in Compass Group PLC were purchased by the ASST and 448,686 shares were released from the ASST to satisfy awards under the Company's long-term incentive plans. At 30 September 2023, the nominal value of the shares in the ASST was £63,341, with a market value of £11m.

No shares have been released from treasury or by the ASST since the end of the financial year to the date of this Report to satisfy awards under the Company's long-term incentive plans.

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

1 Basis of preparation

Introduction

The separate financial statements of Compass Group PLC (the Company) have been prepared on a going concern basis, as discussed on page 151, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The separate 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 2023. 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.

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

Significant accounting policies

The significant accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

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 note 20 to the consolidated financial statements.

1 Basis of preparation continued

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

Interim dividends are recognised in the financial statements when they are paid. Final dividends, which are subject to approval by the shareholders in a general meeting after the balance sheet date, are not included as a liability in the financial statements. Instead, they are disclosed as a post-balance sheet event and recognised in the financial statements when they are approved (see note 7).

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 at the date of grant using option pricing models. The fair value is expensed on a straight-line basis over the vesting period based on the Company's estimate of the number of shares expected to vest.

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 26 to the consolidated financial statements.

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 2023 continued

2 Investments in subsidiary undertakings

Investments in subsidiary undertakings	2023 £m	2022 £m
Cost		
At 1 October	**1,106**	1,075
Additions	**5,570**	–
Share-based payments to employees of subsidiaries	**44**	34
Recharged to subsidiaries during the year	**(5)**	(3)
At 30 September	**6,715**	1,106
Provisions		
At 1 October and 30 September	**(1)**	(1)
Net book value		
At 30 September	**6,714**	1,105

During the year, the Company subscribed for shares in a direct subsidiary company, Hospitality Holdings Limited, for consideration totalling £5.6bn as part of a restructuring of certain intra-group loans which resulted in an increase in investments in subsidiary undertakings of £5.6bn and a corresponding change in balances with subsidiary undertakings.

On the basis that the Company's investments in subsidiary undertakings mainly comprise an investment in Hospitality Holdings Limited, which indirectly owns all of the Company's trading businesses, there are no indicators that the carrying value may be impaired.

The principal subsidiary undertakings are listed in note 36 to the consolidated financial statements.

3 Debtors

		2023			2022		
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		**2,016**	**5,948**	**7,964**	2,681	8,018	10,699
Derivative financial instruments	5	**18**	**45**	**63**	71	76	147
Total		**2,034**	**5,993**	**8,027**	2,752	8,094	10,846

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 4.0% and 7.25%) 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 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 £5,556m (2022: £7,452m).

Details of the derivative financial instruments are shown in note 20 to the consolidated financial statements.

4 Creditors

		2023			2022		
Creditors	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
Issued debt	5	**288**	**1,510**	**1,798**	439	1,847	2,286
Bank overdrafts	5	**410**	**–**	**410**	350	–	350
Amounts owed to subsidiary undertakings	5	**8,341**	**773**	**9,114**	4,996	1,424	6,420
Derivative financial instruments	5	**37**	**207**	**244**	6	237	243
Other payables[1]	5	**152**	**–**	**152**	77	–	77
Accruals		**25**	**–**	**25**	32	–	32
Current tax		**18**	**–**	**18**	28	–	28
Deferred tax[2]		**–**	**10**	**10**	–	19	19
Total		**9,271**	**2,500**	**11,771**	5,928	3,527	9,455

1. Represents a commitment in respect of the share buyback.
2. The deferred tax liability relates to net gains on certain derivative financial instruments recognised in the income statement.

4 Creditors continued

Issued debt	Nominal value	Redeemable	Interest	**2023 Carrying value £m**	2022 Carrying value £m
Eurobond	€500m	Jan 2023	1.88%	–	439
US Private Placement	$352m	Oct 2023	4.12%	**288**	310
US Private Placement	$100m	Dec 2024	3.54%	**82**	89
Eurobond	£250m	Sep 2025	2.00%	**231**	220
US Private Placement	$300m	Sep 2025	3.81%	**235**	259
Eurobond	£250m	Jun 2026	3.85%	**249**	249
US Private Placement	$300m	Dec 2026	3.64%	**246**	269
Eurobond	£300m	Jul 2029	2.00%	**245**	233
Eurobond	£250m	Sep 2032	4.38%	**222**	218
Total				**1,798**	2,286

The Company has a £2,000m Revolving Credit Facility (RCF) committed to August 2026. At 30 September 2023, no amounts were drawn under the RCF (2022: £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 2023, no commercial paper was outstanding under the programme (2022: £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	**2023 Carrying value £m**	**2023 Fair value £m**	2022 Carrying value £m	2022 Fair value £m
Euro intra-group loan[1]	€750m	Jul 2024	0.73%	–	–	632	631
Euro intra-group loan	€500m	Sep 2028	1.60%	**375**	**387**	380	388
Euro intra-group loan	€500m	Mar 2030	3.10%	**398**	**409**	412	415
Total				**773**	**796**	1,424	1,434

1. The €750m (£633m) intra-group loan is included in amounts owed to subsidiary undertakings falling due within one year at 30 September 2023.

Details of the derivative financial instruments are shown in note 20 to the consolidated financial statements.

Notes to the Parent Company financial statements for the year ended 30 September 2023 continued

5 Maturity of financial liabilities and derivative financial instruments

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

Maturity of financial liabilities and derivative financial instruments	2023 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	**288**	**548**	**495**	**467**	**1,798**
Bank overdrafts	**410**	–	–	–	**410**
Amounts owed to subsidiary undertakings	**8,341**	–	**375**	**398**	**9,114**
Derivative financial instruments	**19**	**(5)**	**73**	**94**	**181**
Other payables	**152**	–	–	–	**152**

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

6 Share capital

Details of the share capital and share-based payments of the Company are shown in notes 25 and 26 to the consolidated financial statements.

7 Post-balance sheet events

In the period from 1 October to 14 November 2023, 6,357,210 shares were repurchased for a total price, including transaction costs, of £131m under the share buyback announced in May 2023. In November 2023, we announced a further share buyback of up to $500m (£410m), to complete in 2024 subject to M&A activity.

On 20 November 2023, a final dividend in respect of 2023 of 28.1p per share, £482m in aggregate, was proposed.

8 Other information

Company audit fee

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £1.9m (2022: £1.8m).

Employees

The Company had no direct employees in the course of the year (2022: none).

Guarantees and indemnities

At 30 September 2023, guarantees and indemnities (including subsidiary undertakings' overdrafts) totalled £468m (2022: £443m). Details of certain contingent guarantees and indemnities which involve the Company are set out in note 30 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.