

# KPMG LLP's Independent Auditor's Report to the members of Compass Group PLC

## 1. Our opinion is unmodified

### In our opinion:

- the financial statements of Compass Group PLC give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### What our opinion covers

We have audited the Group and Parent Company financial statements of Compass Group PLC ("the Company") for the year ended 30 September 2023 included in the Annual Report, which comprise:

#### Group

- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Balance Sheet
- Consolidated Cash Flow Statement
- Notes 1 to 36 to the Group financial statements, including the accounting policies included within the respective notes

#### Parent Company (Compass Group PLC)

- Parent Company Balance Sheet
- Parent Company Statement of Changes in Equity
- Notes 1 to 8 to the Parent Company financial statements, including the accounting policies

### Basis for opinion

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

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

## 2. Overview of Our Audit

### Factors driving our view of risks

Following our 2022 audit and considering the developments affecting the Group since then, our assessment of audit risks remains similar to 2022 for key audit matters previously identified.

The UK business has continued to recover its trading performance with both revenue and operating profit improving from prior year. Estimation uncertainty in relation to the assumptions used in the impairment review remains elevated as a result of persistence of input cost inflation and an increase in interest rates leading to a higher discount rate. We therefore consider that the risk associated with goodwill impairment in respect of the UK cash-generating unit as a whole, continues to be heightened, consistent with 2022.

Tax authorities around the world continue to provide a high level of scrutiny of transfer pricing arrangements. We therefore consider that the risk associated with uncertain direct tax positions as a whole, continues to be heightened, consistent with 2022.

Our assessment is that the risk of recoverability of the Parent Company's investments in subsidiaries and amounts owed by Group undertakings remains consistent with 2022.

Key audit matters	Vs 2022	Item
Goodwill impairment in respect of the UK cash-generating unit	◀▶	4.1
Uncertain direct tax provisions	◀▶	4.2
Recoverability of the Parent Company's investment in subsidiaries and amounts owed by Group undertakings	◀▶	4.3

### Audit Committee interaction

During the year, the AC met three times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the executive directors being present. For each key audit matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Report on page 83 are materially consistent with our observations of those meetings.

## Our Independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

Apart from the matters noted below, we have not performed any non-audit services during the financial year ended 30 September 2023 or subsequently which are prohibited by the FRC Ethical Standard.

During 2023 we identified that certain KPMG member firms had provided preparation of local GAAP financial statement services over the periods ending September 2017 to 2023 to some group entities which are and have been residual components and therefore not in scope for the Group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work in each case had no direct or indirect effect on Compass Group PLC's consolidated financial statements.

In our professional judgement, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of these services would not impair our integrity or objectivity for any of the impacted financial years. The Audit Committee concurred with this view.

We were first appointed as auditor by the shareholders for the year ended 30 September 2014. The period of total uninterrupted engagement is for the 10 financial years ended 30 September 2023.

The Group engagement partner is required to rotate every five years. As these are the fifth set of the Group's financial statements signed by Zulfikar Kamran Walji, he will be required to rotate off after the 2023 audit.

The average tenure of partners responsible for component audits as set out in section 7 below is three years, with the shortest being one and the longest being five.

Total audit fee	£7.7m
Audit-related fees (including interim review)	£0.3m
Other services	nil
Non-audit fee as a % of total audit and audit-related fee %	nil
Date first appointed	14 March 2014
Uninterrupted audit tenure	10 years
Next financial period which requires a tender	30 September 2034
Tenure of Group engagement partner	5 years
Average tenure of component signing partners	3 years

## Materiality

(ITEM 6 below)

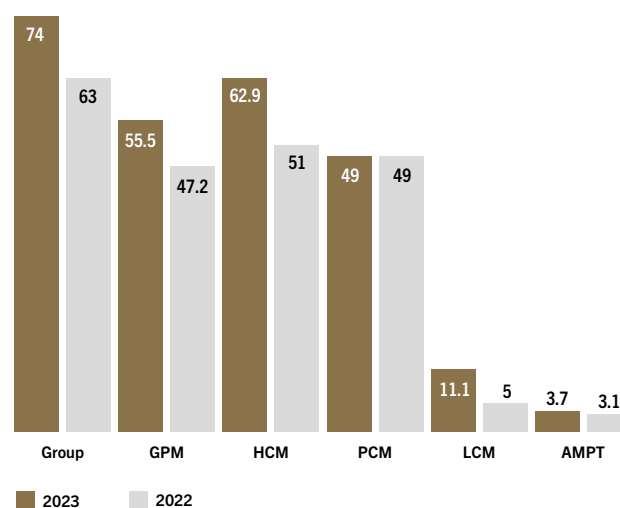
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £74m (2022: £63m) and for the Parent Company financial statements as a whole at £49m (2022: £49m).

Consistent with 2022, we determined that Group profit before tax remains the benchmark for the Group as it is most reflective of the business, being a profit-seeking company. As such, we based our Group materiality on Group profit before tax, of which it represents 4.2% (2022: 4.3%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets, of which it represents 0.3% (2022: 0.4%).

### Materiality levels used in our audit



<b>Group</b>	Group Materiality
<b>GPM</b>	Group Performance Materiality
<b>HCM</b>	Highest Component Materiality
<b>PCM</b>	Parent Company Materiality
<b>LCM</b>	Lowest Component Materiality
<b>AMPT</b>	Audit Misstatement Posting Threshold

**Independent Auditor's Report To the members of Compass Group PLC continued**

**Group scope**

(ITEM 7 below)

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components and the extent of involvement required from our component auditors around the world.

Of the Group's 49 (2022: 51) reporting components, we subjected 15 (2022:15) to full scope audits for Group purposes.

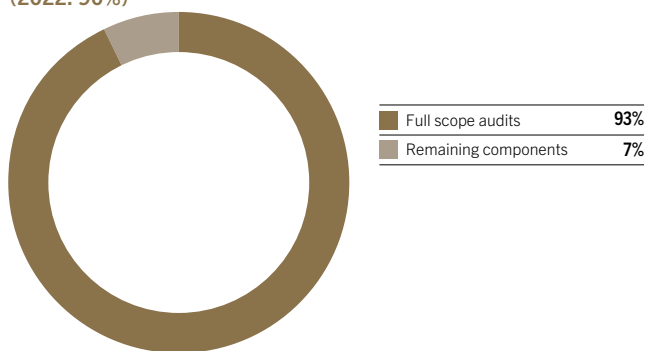
The components within the scope of our work accounted for the percentages illustrated below.

In addition, we have performed Group-level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

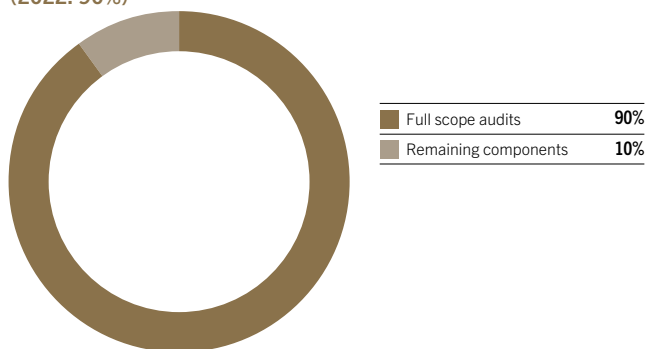
We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

**Coverage of Group financial statements**

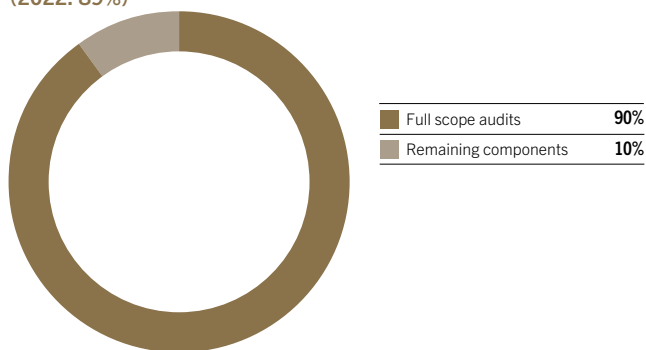
**Group profit before tax 93%**  
(2022: 90%)



**Group assets 90%**  
(2022: 90%)



**Group revenue 90%**  
(2022: 89%)



**The impact of climate change on our audit**

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

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

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

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

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

### 3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern over the period to 31 March 2025 ("the going concern period").

#### Going concern

We used our knowledge of the Group, its industry and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's available financial resources and/or metrics relevant to debt covenants over this period was the impact of elevated input cost inflation on the Group's performance and the ability of the Group to mitigate and recover the medium-term impact of persistent inflation.

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

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

We considered whether the going concern disclosure on page 151 of the Group financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

#### Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 21 is materially consistent with the financial statements and our audit knowledge.

### Disclosures of emerging and principal risks and longer-term viability

#### Our responsibility

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

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

- the directors' confirmation within the viability statement on page 31 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 31 under the Listing Rules.

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

#### Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

## Independent Auditor's Report To the members of Compass Group PLC continued

### 4. Key audit matters

#### What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the key audit matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

#### 4.1 Goodwill impairment in respect of the UK cash-generating unit (Group)

Financial statement elements	2023	2022	Our assessment of risk vs 2022	Our results
Goodwill (UK CGU)	£1,538m	£1,481m	◀▶ Consistent with 2022, estimation uncertainty in relation to the UK business remains elevated as a result of persistent input cost inflation and an increase in interest rates leading to a higher discount rate.	<b>2023: Acceptable</b> 2022: Acceptable

Description of the key audit matter	Our response to the risk
<p><b>Forecast-based assessment:</b> The Group has a significant carrying amount of goodwill which is spread across a range of cash-generating units (CGUs) in different countries.</p> <p>The value-in-use calculation for the CGUs, which represents the estimated recoverable amount, is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows (specifically the key assumptions such as revenue, operating margin, long-term growth rate and discount rate).</p> <p>Estimation uncertainty in relation to the UK business remains high as a result of persistence of input cost inflation and an increase in interest rates leading to a higher discount rate.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of the UK CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>The financial statements (note 9) disclose the sensitivity estimated by the Group. These disclosures give relevant information about the estimation uncertainty including the risk of a reduction in the headroom or need for an impairment as a result of a reasonably possible change in one or more of the key assumptions.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"> <li>– <b>Historical comparisons:</b> We assessed the Group's ability to forecast accurately by comparing assumptions made in historic forecasts to actual results achieved;</li> <li>– <b>Our sector experience:</b> We critically assessed the Group's assumptions on revenue and operating profit margin taking account of strategic plans approved by the Board, our wider knowledge of the industry and the performance of other comparable CGUs;</li> </ul> <p>We used our valuations experts to challenge the appropriateness of discount rate by deriving our own independent range;</p> <ul style="list-style-type: none"> <li>– <b>Benchmarking assumptions:</b> We challenged the Group's long-term growth rate assumption by corroborating this to external data sources;</li> <li>– <b>Sensitivity analysis:</b> We performed sensitivity analysis on the key assumptions noted above to identify the extent to which changes in those assumptions could give risk to an impairment;</li> <li>– <b>Assessing transparency:</b> We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions reflects the risks inherent in the estimation of the recoverable amount of goodwill.</li> </ul>

<p><b>Communications with Compass Group PLC's Audit Committee</b> Our discussions with and reporting to the Audit Committee included:</p> <ul style="list-style-type: none"> <li>– Our audit approach as set out above, including not seeking to rely on any of the Group's controls, and the involvement of our valuation specialists;</li> <li>– Our conclusions from the procedures performed; and</li> <li>– Our views on the disclosures included in the financial statements with respect to the UK CGU and the sensitivity of the impairment conclusions to reasonably possible changes in assumptions.</li> </ul>	<p><b>Area of particular auditor judgement</b> We identified the following as the areas of particular auditor judgement:</p> <ul style="list-style-type: none"> <li>– The estimate is particularly sensitive to key assumptions in the impairment model including revenue growth rates, operating profit margins, long-term growth rates and discount rates and auditor judgement is required to assess whether the directors' overall estimate falls within an acceptable range.</li> </ul> <p><b>Our results</b> We found the Group's conclusion that there is no impairment of the UK CGU's goodwill to be acceptable (2022: acceptable) and we found the sensitivity disclosures made to be acceptable (2022: acceptable).</p>
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Location of further information in the Annual Report and Accounts: see the Audit Committee Report on page 83 for details on how the Audit Committee considered goodwill impairment in respect of the UK CGU as an area of significant attention, page 162 for the accounting policy on goodwill and note 9 for the financial disclosures.

## 4.2 Uncertain direct tax provisions (Group)

Financial statement elements	Our assessment of risk vs 2022	Our results
Direct tax provisions included within current tax liabilities of <b>£214m</b> (2022: £245m)	◀▶ Our assessment is that the risk is similar to 2022	<b>2023: Acceptable</b> 2022: Acceptable

Disclosure of other sources of estimation uncertainty  
– note 6 to the group financial statements

Description of the key audit matter	Our response to the risk
<p><b>Subjective estimate:</b> The Group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including transfer pricing.</p> <p>As a result of the complexities of tax rules on transfer pricing and other tax legislation, the provisioning for uncertain direct tax positions is judgemental and requires the directors to make estimates in relation to these uncertainties.</p> <p>The directors' estimation includes assessing the likelihood of potentially material exposures as a result of changes in local tax regulations and evaluating ongoing inspections by local tax authorities and international bodies, which could materially impact the amounts recorded in the Group financial statements.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence.</p> <p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"> <li>– <b>Our taxation expertise:</b> With the assistance of our tax specialists, we analysed and challenged the assumptions used to determine the provisions recognised using our knowledge and experience of the application of international and local legislation by the relevant authorities and courts and assessing whether the approach applied by the Group is supported by custom and practice.</li> <li>– With the help of our tax specialists we considered whether the judgements applied to each significant provision, including the maximum potential exposure and the likelihood of a payment being required, were appropriate.</li> <li>– <b>Tests of detail:</b> We examined the calculations prepared by the directors and agreed key assumptions used to underlying data.</li> <li>– We inspected correspondence with relevant tax authorities and assessed third-party tax advice received by the directors to evaluate the conclusions drawn in the advice where relevant to the significant exposures faced by the Group, and how these have been used by the directors in their assessment of the likelihood of any outflow and estimate of the provision.</li> <li>– <b>Assessing transparency:</b> We assessed the adequacy of the Group's disclosures in respect of tax and uncertain direct tax positions.</li> </ul>

### Communications with Compass Group PLC's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our audit approach as set out above, including not seeking to rely on any of the Group's controls and the involvement of our taxation specialists;
- Our conclusions from the procedures performed; and
- Our views on the disclosures of the direct tax provisions disclosed.

### Area of particular auditor judgement

We identified the following as the areas of particular auditor judgement:  
The assessment of the outcome of investigations by the authorities, if a liability exists and in making an estimate of any economic outflows.

### Our results

We found the level of tax provisioning to be acceptable (2022: acceptable).

Location of further information in the Annual Report and Accounts: see the Audit Committee Report on page 83 for details on how the Audit Committee considered direct tax provisions as an area of significant attention, page 158 for the accounting policy on tax and note 6 for the financial disclosures.

## Independent Auditor's Report To the members of Compass Group PLC continued

## 4.3 Recoverability of Parent Company's investment in subsidiaries and amounts owed by Group undertakings (Parent)

Financial statement elements	2023	2022	Our assessment of risk vs 2022	Our results
Investment in subsidiaries and amounts owed by Group undertakings	<b>£6,714m investments, £7,964m amounts owed by subsidiary undertakings</b>	£1,105m investments, £10,699m amounts owed by subsidiary undertakings	◀▶ Our assessment is that the risk is similar to 2022	<b>2023: Acceptable</b> 2022: Acceptable

Description of the key audit matter	Our response to the risk
<p><i>Low risk, high value:</i> The carrying amount of the Parent Company's investments in subsidiaries and intercompany receivables represents 97% (2022: 88%) of the Company's total assets.</p> <p>We do not consider the recoverability of these investments and intercompany receivables to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be the area which had the greatest effect on our overall Parent Company audit.</p>	<p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"> <li>– Test of detail: We compared a sample of the investment and intercompany receivables' carrying amounts to the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset value, being an approximation of the minimum recoverable amount, was in excess of their carrying amount, and whether, therefore, there was coverage of the debt owed.</li> </ul> <p>When the net assets of the relevant subsidiary were insufficient to support the carrying value, we considered the performance of the underlying investments held by the relevant subsidiary in order to assess whether there was an indication of impairment.</p> <ul style="list-style-type: none"> <li>– Assessing subsidiary net assets: For the relevant subsidiaries (investment holding companies), we compared the net assets of the relevant subsidiary to the final net assets in the prior year audited financial statements. Based on the knowledge acquired during the audit of the consolidated Group, including reporting received from component auditors for the underlying trading operations, we considered whether there were any events indicating that the net assets would be materially different from the prior year position.</li> </ul>

<p><i>Communications with Compass Group PLC's Audit Committee</i> Our discussions with and reporting to the Audit Committee included:</p> <ul style="list-style-type: none"> <li>– Our audit approach as set out above; and</li> <li>– Our conclusions from the procedures performed.</li> </ul> <p><i>Area of particular auditor judgement</i> – We did not identify any areas of particular auditor judgement.</p>	<p><i>Our results</i> We found the Parent Company's conclusion that there is no impairment of its investment in subsidiaries and amount owned by Group undertaking to be acceptable (2022: acceptable).</p>
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Location of further information in the Annual Report and Accounts: refer to page 224 for the accounting policy on investments in subsidiary undertakings and notes 2 and 3 for the financial disclosures.



## 5. Our ability to detect irregularities, and our response

### Fraud — Identifying and responding to risks of material misstatement due to fraud

<p><b>Fraud risk assessment</b></p>	<p>To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.</p> <p>Our risk assessment procedures included:</p> <ul style="list-style-type: none"> <li>– Enquiring of directors, the Audit Committee and Internal Audit, and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the Internal Audit function and the Group’s channel for ‘whistleblowing’, as well as whether they have knowledge of any actual, suspected, or alleged fraud.</li> <li>– Reading Board, Audit and Corporate Responsibility Committee meeting minutes.</li> <li>– Considering remuneration incentive schemes (primarily the annual bonus plan) and performance targets for management and directors including revenue, operating profit margin and cash flow targets for management remuneration.</li> <li>– Using analytical procedures to identify any unusual or unexpected relationships.</li> <li>– Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group.</li> </ul>
<p><b>Risk communications</b></p>	<p>We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.</p>
<p><b>Fraud risks</b></p>	<p>As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.</p> <p>We did not identify any additional fraud risks.</p>
<p><b>Procedures to address fraud risks</b></p>	<p>In determining the audit procedures, we took into account the results of our evaluation of some of the Group-wide fraud risk management controls.</p> <p>We performed procedures including:</p> <ul style="list-style-type: none"> <li>– Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management and those posted to unexpected account pairings.</li> <li>– Assessing significant accounting estimates for bias.</li> </ul>

### Laws and regulations — Identifying and responding to risks of material misstatement relating to compliance with laws and regulations

<p><b>Laws and regulations risk assessment</b></p>	<p>We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.</p>
<p><b>Risk communications</b></p>	<p>We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.</p>
<p><b>Direct laws context and link to audit</b></p>	<p>Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.</p>
<p><b>Most significant indirect law/regulation areas</b></p>	<p>Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety (food and employees), anti-bribery, data privacy, competition and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.</p>



## Independent Auditor's Report To the members of Compass Group PLC continued

## Context

<b>Context of the ability of the audit to detect fraud or breaches of law or regulation</b>	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.
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## 6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

<b>£74m (2022: £63m)</b> Materiality for the Group financial statements as a whole	<p><b>What we mean</b></p> <p>A quantitative reference for the purpose of planning and performing our audit.</p> <p><b>Basis for determining materiality and judgements applied</b></p> <p>Materiality for the Group financial statements as a whole was set at £74m (2022: £63m). This was determined with reference to a benchmark of Group profit before tax from continuing operations (PBTCO).</p> <p>Consistent with 2022, we determined that PBTCO remains the main benchmark for the Group considering the sector in which it operates, its ownership and financing structure, and the focus of users of the financial statements. As such, we based our Group materiality on PBTCO of £1,747m (2022: £1,469m).</p> <p>Our Group materiality of £74m was determined by applying a percentage to the PBTCO. When using a benchmark of PBTCO to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 3% to 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.2% (2022: 4.3%) to the benchmark.</p> <p>Materiality for the Parent Company financial statements as a whole was set at £49m (2022: £49m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.3% (2022: 0.4%).</p>
<b>£55.5m (2022: £47.2m)</b> Performance materiality	<p><b>What we mean</b></p> <p>Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.</p> <p><b>Basis for determining performance materiality and judgements applied</b></p> <p>We have considered performance materiality at a level of 75% (2022: 75%) of materiality for Compass Group PLC Group financial statements as a whole to be appropriate.</p> <p>The Parent Company performance materiality was set at £36.7m (2022: £36.7m), which equates to 75% (2022: 75%) of materiality for the Parent Company financial statements as a whole.</p> <p>We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.</p>
<b>£3.7m (2022: £3.1m)</b> Audit misstatement posting threshold	<p><b>What we mean</b></p> <p>This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.</p> <p>This is also the amount above which all misstatements identified are communicated to Compass Group PLC's Audit Committee.</p> <p><b>Basis for determining the audit misstatement posting threshold and judgements applied</b></p> <p>We set our audit misstatement posting threshold at 5% (2022: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.</p>

The overall materiality for the Group financial statements of £74m (2022: £63m) compares as follows to the main financial statement caption amounts:

	Group revenue		Group profit before tax		Total Group assets	
	2023	2022	2023	2022	2023	2022
Financial statement caption	<b>£31,028m</b>	£25,512m	<b>£1,747m</b>	£1,469m	<b>£17,600m</b>	£18,748m
Group materiality as % of caption	<b>0.24%</b>	0.25%	<b>4.2%</b>	4.3%	<b>0.42%</b>	0.34%

## 7. The scope of our audit

Group scope	What we mean																		
	<p>How the Group audit team determined the procedures to be performed across the Group.</p> <p>The Group has 49 (2021: 51) reporting components. In order to determine the work performed at the reporting component level, we identified those components which we considered to be of individual financial significance, those which were significant due to risk and those remaining components on which we required procedures to be performed to provide us with the evidence we required in order to conclude on the Group financial statements as a whole.</p> <p>We determined individually financially significant components as those contributing at least 10% (2022: 10%) of Group revenue or Group total assets. We selected Group revenue and Group total assets because these are the most representative of the relative size of the components. We identified 1 (2022: 1) component as an individually financially significant component and performed a full scope audit on this component.</p> <p>In addition to the individually financially significant component, we identified 1 (2022: 1) component as significant, owing to significant risk of material misstatement affecting the Group financial statements. We performed a full scope audit on this component.</p> <p>In addition, to enable us to obtain sufficient appropriate audit evidence for the Group financial statements as a whole, we selected 13 (2022: 13) components on which to perform full scope audit procedures.</p> <p>The components within the scope of our work accounted for the following percentages of the Group's results, with the prior year comparatives indicated in brackets:</p> <table border="1"> <thead> <tr> <th>Scope</th> <th>Number of components</th> <th>Range of materiality applied</th> <th>Group revenue</th> <th>Group profit before tax</th> <th>Group total assets</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>£11.1m - £62.9m</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Full scope audit</td> <td>15 (15)</td> <td>(£5m - £51m)</td> <td>90% (89%)</td> <td>93% (90%)</td> <td>90% (90%)</td> </tr> </tbody> </table> <p>The remaining 10% (2022: 11%) of Group revenue, 7% (2022: 10%) of Group profit before tax and 10% (2022: 10%) of total Group assets is represented by 34 (2022: 36) reporting components, none of which individually represented more than 2% (2022: 3%) of any of Group revenue, Group profit before tax or total Group assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.</p> <p>The work on 12 of the 15 components (2022: 12 of the 15 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.</p> <p>The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materiality levels, as detailed in the table above, having regard to the mix of size and risk profile of the Group across the components.</p> <p>In addition, we have performed Group-level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.</p> <p>The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.</p>	Scope	Number of components	Range of materiality applied	Group revenue	Group profit before tax	Group total assets			£11.1m - £62.9m				Full scope audit	15 (15)	(£5m - £51m)	90% (89%)	93% (90%)	90% (90%)
Scope	Number of components	Range of materiality applied	Group revenue	Group profit before tax	Group total assets														
		£11.1m - £62.9m																	
Full scope audit	15 (15)	(£5m - £51m)	90% (89%)	93% (90%)	90% (90%)														
Group audit team oversight	<p><b>What we mean</b></p> <p>The extent of the Group audit team's involvement in component audits.</p> <p>In working with component auditors, we:</p> <ul style="list-style-type: none"> <li>– Held planning calls with all component audit teams to discuss the significant areas of the audit relevant to the components.</li> <li>– Issued Group audit instructions to component auditors on the scope of their work, including specifying the minimum procedures to perform in their audit of significant risk areas, including management override of controls and revenue recognition.</li> <li>– Held risk assessment update discussions with all component audit teams before the commencement of the final phases of the audit led by the Group engagement partner and engagement quality control partner.</li> <li>– Visited 4 (2022: 5) components in person as the audit progressed to understand and challenge the audit approach and organised regular video conferences with the Group and component audit teams. At these meetings and video conferences, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component audit teams.</li> <li>– Inspected the component audit teams' key work papers (using remote technology capabilities) to evaluate the quality of execution of the audits of the components, with a particular focus on work related to significant risks.</li> </ul>																		

**Independent Auditor's Report To the members of Compass Group PLC continued****8. Other information in the Annual Report**

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

**All other information****Our responsibility**

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

**Our reporting**

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

**Strategic Report and Directors' Report****Our responsibility and reporting**

Based solely on our work on the other information described above we report to you as follows:

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

**Directors' Remuneration report****Our responsibility**

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

**Our reporting**

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

**Corporate governance disclosures****Our responsibility**

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

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

**Our reporting**

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

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

**Other matters on which we are required to report by exception****Our responsibility**

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

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

**Our reporting**

We have nothing to report in these respects.

## 9. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 131, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; assessing the Group and Parent Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so. In addition, the directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities

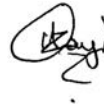
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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

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



### Zulfikar Walji (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square, London E14 5GL

20 November 2023