

Parent Financial Statements
No 06026255

**CH&CO Catering Group (Holdings)
Limited**

Report and Financial Statements

Year Ended

31 December 2018

Company Number 09504990

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CH&CO Catering Group (Holdings) Limited

Report and financial statements for the year ended 31 December 2018

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Domicile and country of incorporation of parent company

United Kingdom

Legal form

Private limited company

Directors

W J Toner
T J Jones
T Waldron
N E H Thomas
M S Musselwhite

Secretary and registered office

N E H Thomas, 550 Second Floor, Thames Valley Park, Reading, Berkshire, RG6 1PT

Company number

09504990

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

CH&CO Catering Group (Holdings) Limited

Strategic report for the year ended 31 December 2018

The Directors present their strategic report together with the audited consolidated and company financial statements for the year ended 31 December 2018.

The strategic report sets out for stakeholders the environment in which CH&CO Catering Group (Holdings) Limited exists, the strategy that the Board of Directors set in the context of that environment and the resulting performance for the year ended 31 December 2018.

Principal activity

The principal activity of the Group during the period was that of operating a group of specialist corporate and commercial catering businesses providing catering and service solutions to a diverse range of customers in the outsourced food service market. The Group operates in the following sectors of the market: Workplaces, Destinations, Events, Venues, Livery and Education.

Review of the business

Strategy

Within the Group, the customer and market proposition is delivered through differentiated brands across our chosen sectors. The businesses operate with dedicated customer and market facing management teams who are supported by enabling functions and directed by the Board.

During 2018 CH&CO Group launched a simplified group structure that will operate across the UK under the name CH&CO and with a new, strong brand identity that clearly defines the marketplaces in which it operates.

An extensive review highlighted the desire to reduce the number of brands in the Group's portfolio and to simplify the structure going forward, focusing on its core strengths of creating simple, smart and stirring food experiences that are thoughtfully sourced, prepared and presented.

CH&CO will continue to operate in the same marketplaces it always has, but its 20+ brands have been replaced with defined operating sectors: CH&CO Workplaces; CH&CO Destinations; CH&CO Venues; CH&CO Events; CH&CO Education; and CH&CO Livery.

A small group of endorsed brands will continue to operate where the unique nature of their marketplace dictates. These include Principals by CH&CO and Absolutely by CH&CO; both specialist companies within the state education catering sector. The Brookwood Partnership became CH&CO Independent Education during the year.

From June 2018, all new business has been bid for under the new branding. Following consultation with clients, existing business is being transitioned to the new branding.

The Directors see this as a very exciting and positive move for the group. The rebrand defines who CH&CO now is. It underpins our integration process, and cements our position and expertise in an increasingly competitive foodservice market.

Performance

The Directors are pleased to report that the business has continued to perform well with strong retention and several significant new contract wins.

The strength of the customer proposition across the Group and our ability to win and successfully mobilise larger contracts is at the heart of that success.

Trading in the majority of the contracts during the period has been in line with expectations. The Group now has a very well-balanced portfolio of contracts across its core sectors that protects the Group both in terms of seasonality and wider changes in market conditions.

There were no mergers in the year, however during the period the Group completed the successful integration of

CH&CO Catering Group (Holdings) Limited

Strategic report for the year ended 31 December 2018 (Continued)

Performance (continued)

Excluding exceptional items and amortisation of intangibles, adjusted operating profit for the year was £17.2m or 6.0% of turnover which is in line with expectations and industry averages.

Turnover grew year-on-year by 19% due to a combination of organic growth and the full year effect of prior year mergers. Administrative expenses included a number of non-recurring costs associated with the integration of businesses that had joined the Group in the previous year. Cash flow from operating activities grew from £7.4m to £9.7m year-on-year reflecting the strong underlying performance of the business

Whilst low margins are a factor in our sectors the Group does not participate in loss making contracts for the sole purpose of maintaining turnover. The Group is committed to its policy of not compromising on standards or quality as is demonstrated by the reputation of our brand for food, service and innovation in the food service industry.

Some of the Group's key financial performance indicators during the year were as follows:

All in £000	2018	2017
Turnover	286,477	240,258
Gross profit	41,957	40,198
EBITDA excluding exceptional items	17,181	15,055
Cash flow from operating activities	9,712	7,428

The financial performance of the Group was assessed throughout the period through the provision of divisional management accounts and detailed analysis of new business performance. This was in turn supported by analysis of performance at the contract level - with focus on delivering against both sales and gross margin targets. Group overheads are assessed against budget levels, which are set in order to allow the necessary level of central resourcing to effectively support our sites and our clients.

The Group also monitors its liquidity position through monthly reporting of operating cash generation and forecast cash generation, supplemented by detailed short-term cash-forecasting and monitoring of the key components within working capital against target drivers such as aged debt profiles.

In addition to financial KPIs, the Group also assesses performance using a variety of non-financial metrics.

The Group recognises that its people are key to its success and the Group both respects and values all team members. The Group invests in Learning and Development for all its team at every level and sees this investment as a long-term benefit in terms of engagement and retention. Particular emphasis is applied to apprenticeships and, whilst many programs are offered, attention has been given primarily to chef apprentices. This investment will bring benefit to not only the Group and its clients but also long-term benefit to the sector where it is widely recorded that there is a serious shortage of chefs.

Throughout the year the Group and its employees continued to be recognised with several individual and corporate industry awards being won, including the leading awards in the industry for HR and Training.

Health & Safety and Food Safety continue to be a core Group operational priority. The Group operates a Health & Safety, Food Safety and Environmental Management System fully supported by Group policies. The strength of these is recognised through annual auditing of the underlying businesses.

Once again, this year we have retained key accreditations across the enlarged Group (ISO14001, ISO9001 and OHSAS18001).

CH&CO Catering Group (Holdings) Limited

Strategic report for the year ended 31 December 2018 (*Continued*)

Performance (*continued*)

The Group's business plan determines its approach to Corporate Social Responsibility ('CSR'). It incorporates a bespoke programme, called 'Planet' that helps apply CSR policies to day-to-day operations. As holders of the top level 3-star rating with the Sustainable Restaurant Association (SRA), the Group's CSR strategy and objectives are based on the three structural pillars of this award:

- Sourcing - Targets are based on reduction of road miles, use of local suppliers and SMEs. Initiatives such as the Innovation Den support this, and working with bodies such as the Marine Conservation Society (MCS) demonstrate wider commitment;
- Environment – This pillar aims to minimise impact on the environment, for example by reducing single-use plastics; plastic straws have already been eliminated from the supply chain;
- Society – RoSPA Gold, awarded for the second consecutive year assures a safe environment for employees and customers. Community and industry are supported through apprenticeships, diversity training and paid days leave for managers and supervisors to work with local charities and community bodies, additionally working with industry charities such as Springboard, Hospitality Action, Royal Academy of Culinary Arts, Chefs Adopt a School Trust and Sue Ryder. We are also an Accredited Disability Confident employer and an active member of Stonewall.

Position

The Group maintains a positive relationship with its bankers and funding partners. During May 2019, the Group completed a refinancing exercise. New debt facilities were put in place with LGT Capital and National Westminster Bank. At the same time the group replaced its minority shareholder investor MML Capital Partners with Equistone Partners Europe Limited. The Group remains management owned. This refinancing strengthens the Groups position and leaves us well placed to investment in future growth and M&A activity.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual reports and accounts.

Future Prospects

The growth of the Group is strongly dependent on new contract wins and effective M&A activity. The pricing of new business is reflective of a very competitive market in which the Group does not seek to participate purely for the sake of securing turnover.

Overall, the Directors are very optimistic about the Group's fortunes. The Group has been awarded further prestigious contracts post year end and the pipeline for new business prospects is strong. In addition, post year-end the Group completed the merger with Inspire Catering, a high quality Scottish based Company with a strong portfolio of clients in the Workplaces and Education sectors.

Principal risks and uncertainties

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. These are summarised below.

Interest rate risk

The Group is financed through a mixture of bank debt and equity investment. The main senior facility is at variable rates of interest. Given the current Bank of England Base Rate is near a historic low, adrift from longer term trends, the Directors have implemented interest rate caps in order to mitigate any significant impact from future interest rate movements.

CH&CO Catering Group (Holdings) Limited

Strategic report
for the year ended 31 December 2018 *(Continued)*

Principal risks and uncertainties *(Continued)*

Liquidity risk

The group's most significant treasury exposure relates to liquidity. The group manages the risk of uncertainty in its funding operations by spreading the maturity profile of its borrowings and deposits, taking into account expected cash receipts and payments, including funding requirements for anticipated acquisitions, and arranging committed facilities with a minimum level of headroom in excess of peak borrowing levels.

Cash deposits and other financial instruments with banks and other institutions give rise to counterparty risk. The Group manages this risk by reviewing counterparties' credit ratings regularly and limiting the aggregate amount and duration of exposure to any one counterparty, taking into account criteria such as credit rating and market capitalisation.

Credit risk

The Group's principal assets are cash, trade receivables and tangible fixed assets. Trade receivables are reviewed on a regular basis to ensure they are collectable. The Group has a quality client list and the underlying businesses have historically had very few instances of collection losses. The amounts presented in the balance sheet are net of impairment provisions for doubtful receivables. After adoption of IFRS 9 in 2018, as further described in note 1 to the financial statements, a provision for impairment is made for expected credit losses, estimated with reference to average of historical losses.

On behalf of the board



W J Toner

Director

Date: 14 August 2019

CH&CO Catering Group (Holdings) Limited

Report of the Directors for the year ended 31 December 2018

The Directors present their report and audited consolidated and company financial statements for the year ended 31 December 2018. Additional information is also disclosed in the strategic report, if the directors feel it is of strategic importance.

Ultimate Controlling party

There is not considered to be a single ultimate controlling party based on the ownership structure of CH&CO Catering Group (Holdings) Limited .

The largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is included is the group headed by CH&CO Catering Group (Holdings) Limited .

Branch registration

The Group operates a branch in the Republic of Ireland.

Results and dividends

The Consolidated loss for the year, after taxation, amounted to £4,471k (2017 – loss of £515k).

The Directors do not recommend the payment of a dividend.

Financial and operational risks

The impact of financial risk management and the associated objectives and policies have been discussed in detail with respect to interest rate risk, credit risk and liquidity risk in the strategic report and consolidated financial statements at note 3.

Political donations

During the year, there were no political donations made by the Company.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Employee involvement

The flow of information to staff across the Group is a key focus for the directors. Members of the management team regularly visit the Company restaurants and discuss matters of current interest and concern to the business. Alongside this, there is communication via a number of channels such as the weekly news bulletin.

Directors

The Directors who served the Company during the year are as follows:

S J Hodson (resigned 31 May 2019)
T J Jones
R D Mayers (resigned 31 May 2019)
E McMeikan (resigned 31 May 2019)
M S Musselwhite
W J Toner
I S Wallis (resigned 31 May 2019)
T Waldron
N E H Thomas (appointed 18 June 2018)

CH&CO Catering Group (Holdings) Limited

Report of the directors for the year ended 31 December 2018 (Continued)

Qualifying third party indemnity provisions

The Company provides qualifying third-party indemnity provision to its Directors against liability in respect of proceedings brought by third parties.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent events

All subsequent events have been disclosed in note 25 to the financial statements.

Directors' responsibilities

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Company and of the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

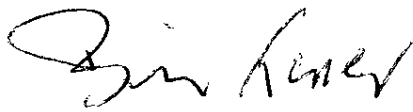
CH&CO Catering Group (Holdings) Limited

**Report of the Directors
for the year ended 31 December 2018 (Continued)**

Appointment of auditors

The auditor, BDO LLP, have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



W J Toner

Director

Date: 14 August 2019

CH&CO Catering Group (Holdings) Limited

Independent auditors' report for the year ended 31 December 2018

TO THE MEMBERS OF CH&CO CATERING GROUP (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of CH&CO Catering Group (Holdings) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated statement of total comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the parent company statement of financial position, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CH&CO Catering Group (Holdings) Limited

Independent auditors' report for the year ended 31 December 2018 (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

CH&CO Catering Group (Holdings) Limited

Independent auditors' report for the year ended 31 December 2018 (*continued*)

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brooker (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date: 15 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CH&CO Catering Group (Holdings) Limited

Consolidated statement of total comprehensive income for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	4	286,477	240,258
Cost of sales		(244,520)	(200,060)
Gross profit		41,957	40,198
Administrative expenses		(35,832)	(32,657)
Earnings before interest and finance expenses, tax, depreciation and amortisation (EBITDA) and exceptional items		17,181	15,055
Exceptional items	6	(3,200)	(1,029)
Depreciation of tangible assets	10	(2,201)	(1,804)
Amortisation of intangible assets	11	(5,655)	(4,681)
Profit from operations	6	6,125	7,541
Finance expense	8	(9,736)	(7,189)
Finance income	8	7	3
(Loss)/profit before tax		(3,604)	355
Tax charge	9	(867)	(870)
Loss after tax attributable to the owners of the parent and total comprehensive loss		(4,471)	(515)

All amounts relate to continuing activities.

CH&CO Catering Group (Holdings) Limited

Consolidated statement of financial position at 31 December 2018

Company number 09504990	Note	2018 £'000	2017 £'000
Assets			
Current assets			
Inventories	13	2,626	2,661
Trade and other receivables	15	53,985	47,253
Derivative financial assets	14	-	-
Cash and cash equivalents	16	15,445	15,354
		72,056	65,268
Non-current assets			
Property, plant and equipment	10	6,095	4,906
Intangible assets	11	119,366	124,726
Deferred tax assets	19	199	126
		125,660	129,758
Total assets		197,716	195,026
Liabilities			
Current liabilities			
Trade and other payables	17	63,350	56,040
Loans and borrowings	18	3,834	3,396
Deferred consideration	23	10,000	-
Corporation tax		373	835
		77,557	60,271
Non-current liabilities			
Loans and borrowings	18	117,798	115,343
Deferred consideration	23	446	12,254
Deferred tax liability	19	8,627	9,511
		126,871	137,108
Total liabilities		204,428	197,379
Net liabilities		(6,712)	(2,353)
Issued capital and reserves attributable to owners of the parent			
Share capital	20	1	1
Share premium	21	1,037	931
Accumulated deficit		(7,750)	(3,285)
Total deficit		(6,712)	(2,353)

The financial statements were approved and authorised for issue by the Board of Directors on 14 August 2019 and were signed on its behalf by:

N E H Thomas *M.E.H. Thomas*
Director

The notes on pages 17 to 44 form part of these financial statements.

CH&CO Catering Group (Holdings) Limited

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Loss for the year		(4,471)	(515)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	10	2,201	1,804
Amortisation of intangible fixed assets	11	5,655	4,681
Release of deferred consideration		(150)	-
Finance income	8	(7)	(3)
Finance expense	8	9,736	7,189
Tax expense	9	867	870
Profit on disposal of fixed assets		(170)	-
		13,661	14,026
(Increase) in trade and other receivables		(6,543)	(540)
Decrease in inventories		35	112
Increase/(decrease) in trade and other payables		4,844	(4,822)
Cash generated from operations		11,997	8,776
Income taxes paid		(2,285)	(1,348)
Net cash inflow from operating activities		9,712	7,428
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	23	-	(32,074)
Deferred consideration paid		(3,024)	-
Purchases of property, plant and equipment	10	(4,005)	(3,067)
Finance income received		7	3
Net cash outflow from investing activities		(7,022)	(35,138)
Cash flows from financing activities			
Proceeds from loans net of capitalised costs		-	36,835
Loans repaid		(1,831)	(961)
Interest paid		(3,341)	(2,321)
Increase in invoice financing		2,467	5,000
Issue of share capital		106	-
Net cash (outflow)/inflow from financing activities		(2,599)	38,553
Net increase in cash and cash equivalents		81	10,843
Cash and cash equivalents at the beginning of the year		15,354	4,511
Cash and cash equivalents at the end of the year	16	15,445	15,354

The notes on pages 17 to 44 form part of these financial statements.

CH&CO Catering Group (Holdings) Limited

Consolidated statement of changes in equity for the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
At 1 January 2018	1	931	(3,285)	(2,353)
Comprehensive income for the year				
Loss for the year	-	-	(4,471)	(4,471)
Total comprehensive loss for the year	-	-	(4,471)	(4,471)
Transaction difference on foreign operations	-	-	6	6
Contributions by and distributions to owners				
Issue of shares	-	106	-	106
Total contributions by and distributions to owners	-	106	-	106
31 December 2018	1	1,037	(7,750)	(6,712)

Consolidated statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
At 1 January 2017	1	912	(2,770)	(1,857)
Comprehensive income for the year				
Loss for the year	-	-	(515)	(515)
Total comprehensive loss for the year	-	-	(515)	(515)
Contributions by and distributions to owners				
Issue of shares	-	19	-	19
Total contributions by and distributions to owners	-	19	-	19
31 December 2017	1	931	(3,285)	(2,353)

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018

1 Accounting policies

CH&CO Catering Group (Holdings) Limited (the "company") is a limited company incorporated in England and Wales. The principal activity of the Group is the sale of food and beverages, and catering services provided to Business and Industry, Education and Commercial clients. The registered office is 550 Second Floor, Thames Valley Park, Reading, Berkshire, RG6 1PT. The Group financial statements consolidate those of the company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS - IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The financial statements have been prepared on a historical cost basis with the exception of derivative financial instruments recognised at fair value through profit or loss (refer to individual accounting policies for details).

Group structure

The company was incorporated on 23 March 2015. On 1 June 2015, a wholly owned intermediate holding subsidiary, CH & Co Catering Group Limited, also incorporated on 23 March 2015, acquired 100% of the share capital of CH & Co Catering Limited, HCMGH Limited and their 100% owned subsidiary companies. CH&CO Catering Group (Holdings) Limited is the ultimate holding company.

Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

The consolidated results consist of the results of the entities listed in the parent company's individual financial statements in note 3 on page 50.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 (*continued*)

1 Accounting policies (*continued*)

a) New standards, interpretations and amendments effective from 1 January 2018

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to minimal changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15)

Details of the impact these two standards have had are provided in the relevant accounting policies below. The details of other new and amended standards and interpretations issued by the IASB, relevant to the Group, that will apply for the first time in the next annual financial statements are set out below.

b) New standards, interpretations and amendments not yet effective

IFRS 16 Leases

Adoption of IFRS 16 will result in the group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease except for those with contract terms of less than one year, or with low-value assets. For leases currently classified as operating leases, under current accounting requirements the group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The Board has decided it will apply the modified retrospective adoption method in IFRS 16, and therefore, will only recognise leases on balance sheet as at 1 January 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date. At 31 December 2018, operating lease commitments amounted to £6.71 million (see note 22), which is not expected to be materially different to the anticipated position on 31 December 2019 or the amount which is expected to be disclosed at 31 December 2018. Assuming the Group's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately £6.14 million being recognised on 1 January 2019.

The impact on profit before tax is expected to be immaterial; under IFRS 16, the operating lease expense currently recorded in administrative expenses will be replaced with a depreciation charge for the right-of-use asset and finance expense on the lease liability.

Revenue

The impact of adoption of IFRS 15 was reviewed by management at a material customer contract level. Where almost all revenues are based on the preparation and sale of food on a daily basis, or through the delivery of catering services on a monthly basis, management have determined that the five step model applied to each contract under IFRS 15 will not have a material impact on the consolidated statement of financial position or statement of comprehensive income as at 1 January 2017, and for the years ended 31 December 2017 and 31 December 2018. Therefore, no restatement of comparatives has been made.

The group's revenue is derived from a number of different sources:

- Fixed price
- Cost plus
- Commercial
- Education
- Events and hospitality

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Revenue (continued)

Fixed price and cost plus contracts are all invoiced monthly, and revenues recognised at the point of raising the invoice. There are no elements which do not relate to the month being invoiced.

With Commercial and Educational contracts there is an element of revenues being earned at the point of sale, with some other elements being invoiced monthly in arrears. As at each year end, all material amounts have been agreed and invoiced or accrued into revenue.

Events and hospitality revenues are recognised on completion of the event, at which point they are invoiced in full.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Business combinations and externally acquired intangible assets

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date at which the Group obtains control over the entity. The cost of an acquisition is measured as the amount of the consideration transferred to the seller, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. The Group measures goodwill initially at cost at the acquisition date, being:

- the fair value of the consideration transferred to the seller, plus;
- the amount of any non-controlling interest in the acquiree, plus;
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree re-measured at the acquisition date, less; and
- the fair value of the net identifiable assets acquired and assumed liabilities.

Acquisition costs incurred are expensed and included in administrative costs. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, whether it is an asset or liability, will be recognised either as a profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Business combinations and externally acquired intangible assets (continued)

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Externally acquired intangible assets other than goodwill are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives where they are in use. The amortisation expense is included within the administrative cost in the consolidated statement of comprehensive income. Goodwill is stated at cost less any accumulated impairment losses.

The amounts ascribed to intangibles recognised on business combinations are arrived at by using appropriate valuation techniques which are categorised as level three on the fair value hierarchy.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Customer relationships	10.5 - 12.5 years	Multi-period excess earnings method
Brand name	15 years	Relief from royalty method

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leasehold improvements	- over the remaining life of the lease, on a straight line basis
Motor vehicles	- 25%-33.33% per annum straight line
Office equipment, fixtures and fittings	- 20%-33.33% per annum straight line
Computer equipment	- 20-33.33% per annum straight line

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

The Group at 31 December 2018 had 5 CGUs (2017 - five) – See note 12.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost, after supplier discounts, and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Financial instruments

The Group adopted IFRS 9 on 1 January 2018 and elected not to restate the comparative figures as permitted under the standard. No material changes were identified to be processed at the date of the initial application on 1 January 2018. The below policies are applicable to the financial instruments recognised for the year ended 31 December 2018.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Financial instruments are classified according to the substance of the contractual arrangements into which the Group enters. An equity instrument is a contract that evidences a residual interest in the assets to the entity after deduction all of its financial liabilities.

Fair value through profit or loss

The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely receipts of principal and interest. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for amounts receivable from trade customers and related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The Group's historic credit losses are considered to be minimal, and the Directors consider that this position will continue going forward, and therefore lifetime credit losses would be immaterial to the Group as a whole.

The Group has considered whether amounts due from related parties are impaired and conclude that there is an immaterial impact on the financial statements.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

There are no changes to the accounting policies in respects of financial liabilities as a result of the adoption of IFRS 9. These policies are set out in the note below.

The financial instrument accounting policies below are applicable to the prior year comparative figures.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Financial liabilities

Classification

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost including directly attributable transaction costs. The carrying value of borrowings approximate their fair value. The Group's financial liabilities include overdrafts, trade and other payables (excluding tax and social security liabilities), deferred acquisition consideration and loans and borrowings. Deferred fixed consideration is recorded at amortised cost using the effective interest method.

De-recognition of liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting financial instruments

When there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability immediately, financial assets and liabilities are offset, and the net amount reported in the balance sheet.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings, loan notes and invoice finance facilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes the accretion of initial transaction costs.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Share capital

The Group's ordinary shares of £1 each are classified as equity instruments.

Current and deferred taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit and loss in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company; or
- The different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount in relation to leasehold dilapidations. The provision is recognised where the Group has a present obligation as a result of a past event, it is probable that that an outflow of reserves embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Amounts are discounted except when they are expected to settle within 12 months.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

(a) Business combinations

The Directors determine and allocate the purchase price of an acquired business to the assets acquired and liabilities assumed as of the business combination date. The purchase price allocation process requires the use of significant estimates and assumptions, including the estimated fair value of the acquired intangible assets.

While the Directors use their best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the date of acquisition, our estimates and assumptions are inherently uncertain and subject to refinement. Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to:

- future expected cash flows generated by assets over their useful lives;
- the fair value of the property, plant and equipment; and
- discount rates.

(b) Deferred tax

Under IAS 12 "Income taxes" deferred tax assets are recognised to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. As at the year end the Directors consider that the IAS 12 recognition criteria are satisfied.

(c) Provisions

Dilapidations provisions have been made for properties which the Group currently lease based upon the cost to make good the property in accordance with lease terms where appropriate. The cost of such dilapidations is estimated by reference to the group's experience of exiting similar properties and average rates of renovation.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 *(continued)*

2 Critical accounting estimates and judgements *(continued)*

Estimates and assumptions

a) Fair value measurement

Fair value 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 measurement date.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1:* Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- *Level 2:* Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- *Level 3:* Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the inputs into the valuations and the level of the fair value hierarchy as explained above.

b) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 12.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)

3 Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The strategic report describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables (excluding tax and social security liabilities)
- Senior debt
- Loan notes
- Deferred consideration

Financial instruments by category

The 'loans and receivables' category of financial assets, under IAS 39, is renamed 'financial assets at amortised cost' under IFRS 9.

No financial assets at 31 December 2018 or 31 December 2017 were recorded at fair value through profit or loss, or at fair value through other comprehensive income.

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	15,445	15,354
Trade and other receivables	-	-	52,361	39,553
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	-	-	67,806	54,907
	<hr/>	<hr/>	<hr/>	<hr/>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

3 Financial instruments - Risk Management *(continued)*

Financial instruments by category (continued)

Financial liabilities

	Financial liabilities at amortised cost	
	2018 £'000	2017 £'000
Trade and other payables due in less than one year (excluding tax and social security liabilities and invoice discounting)	49,963	44,692
Senior debt	66,130	67,353
Loan notes	54,864	51,386
Invoice discounting	6,667	4,200
Deferred consideration	10,446	12,754
Total financial liabilities	188,070	180,385

The fair values of financial assets and liabilities approximate their carrying value.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

2018	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	49,963	-	-	-	-
Bank loans (including interest)	1,599	2,519	4,172	61,014	-
Loan notes (including interest)	1,025	3,153	4,420	59,469	-
Invoice discounting	6,667	-	-	-	-
Deferred consideration	10,446	-	-	-	-
Total	69,700	5,672	8,592	120,483	-

Included in the above are balances of £19.4m which incur interest at variable rates linked to LIBOR. A 1.0% increase in the LIBOR rate would equate to a rise in debt service costs of approximately £0.19m per annum.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

3 Financial instruments - Risk Management *(continued)*

2017	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	44,692	-	-	-	-
Bank loans (including interest)	1,524	2,475	4,179	63,437	-
Loan notes (including interest)	985	3,070	4,224	59,736	-
Invoice discounting	4,200				
Deferred consideration		3,024	9,730		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	51,401	8,569	18,133	123,173	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

4 Revenue

Revenue is derived almost entirely from the United Kingdom with the exception of 0.2% of the Group's revenue which is derived from the Republic of Ireland. Revenue is derived from the following services:

	2018 £'000	2017 £'000
Point of sale – food and beverage	83,203	79,765
Catering services	203,274	160,493
	<hr/>	<hr/>
Total	286,477	240,258
	<hr/>	<hr/>

5 Auditors' remuneration

During the year the following services were obtained from the Group's auditor at a cost detailed below:

	2018 £'000	2017 £'000
<i>Audit services</i>		
Fees payable in respect of the parent company	5	5
Fees payable in respect of the subsidiary accounts	180	279
	<hr/>	<hr/>
	185	284
<i>Non-audit services</i>		
Tax services	42	41
Other non-audit services	114	29
	<hr/>	<hr/>
	156	70
	<hr/>	<hr/>
	341	354
	<hr/>	<hr/>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

6 Expenses by nature

	2018 £'000	2017 £'000
Raw materials and consumables used	70,432	61,089
Employee benefit expenses (see note 7)	120,647	111,508
Depreciation of property, plant and equipment	2,201	1,804
Amortisation of intangible assets	5,655	4,681
Operating lease expense:		
- Land and buildings	743	1,045
- Other	945	1,029
Exceptional items	3,200	1,029
	<hr/>	<hr/>

Exceptional costs in 2017 relate to:

- professional fees incurred in relation to the acquisition of Harbour & Jones Limited and Concerto Group Holdings Limited in the year ended 31 December 2017

Exceptional costs in 2018 relate to

- transaction costs relating to the replacement of a major minority investor
- costs associated with the integration and restructuring of the business following the acquisitions of H&J and Concerto in 2017
- costs relating to the closure of a central production unit

7 Employee benefit expenses

	2018 £'000	2017 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	109,240	101,395
Social security costs	9,259	7,853
Pension costs	2,148	2,260
	<hr/>	<hr/>
Total	120,647	111,508
	<hr/>	<hr/>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (continued)

7 Employee benefit expenses (continued)

Directors' emoluments and key management personnel compensation

The Directors were remunerated for their services to the Group and their emoluments are disclosed below. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be the directors of the company listed on page 7.

	2018 £'000	2017 £'000
Aggregate emoluments	929	899
Company contributions to money purchase pension plan	54	37
	<u>983</u>	<u>936</u>
The emoluments of the highest paid Director are as follows:		
Aggregate emoluments	329	343
Company contributions to money purchase pension plan	7	4
	<u>336</u>	<u>347</u>

The Group does not remunerate all of its Directors via payroll and pays MML Capital Partners Fund VI GP Limited for the services of two Directors, the amounts for whom are excluded from the table above. See details of these related party transactions in note 24.

The number of Directors to whom retirement benefits are accrued under money purchase pension schemes in respect of qualifying services is 1 (2017 - 1).

The average number of employees of the Group during the year was:

	2018 Number	2017 Number
Administration	957	522
Catering staff	5,254	5,850
	<u>6,211</u>	<u>6,372</u>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)

8 Finance income and expense

	2018 £'000	2017 £'000
Finance income		
Interest received on bank deposits	7	3
Total finance income	<u>7</u>	<u>3</u>
Finance expense		
Interest expense on bank loans (senior debt)	3,773	1,874
Interest expense on loan notes	4,691	4,399
Other costs of borrowing	201	345
Unwinding of discount on deferred consideration	1,071	571
Total finance expense	<u>9,736</u>	<u>7,189</u>

9 Tax expense

	2018 £'000	2017 £'000
Recognised in the statement of total comprehensive income		
Current tax expense		
Current tax on loss for the year	1,682	1,764
Adjustment in respect of prior periods	182	129
Adjustment in respect of prior periods (foreign tax)	4	-
Total current tax	<u>1,868</u>	<u>1,893</u>
Deferred tax credit		
Origination and reversal of temporary differences	5	(142)
Adjustments in respect of prior periods	(45)	(2)
Temporary timing differences arising on business combinations	(961)	(879)
Effect of tax rate change on opening balance	-	-
Total deferred tax credit	<u>(1,001)</u>	<u>(1,023)</u>
Total income tax expense	<u>867</u>	<u>870</u>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 *(continued)*

9 Tax expense *(continued)*

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2018 £'000	2017 £'000
Loss for the year	(4,471)	(515)
Add back income tax expense	867	870
	<hr/>	<hr/>
(Loss)/profit before income taxes	(3,604)	355
Tax using the UK corporation tax rate of 19.00% (2017 – 19.25%)	(685)	68
Fixed asset differences	197	86
Expenses not deductible for tax purposes	1,030	1,677
Income not taxable for tax purposes	(3)	(3)
Other permanent differences	2	-
Adjust opening/closing deferred tax rate to average rate	120	(1)
Adjustments in respect of prior periods	182	44
Adjustments in respect of prior periods (foreign tax)	4	-
Adjustments in respect of prior periods (deferred tax)	45	-
Temporary timing differences arising on business combinations	-	(796)
Group relief surrendered	-	45
Deferred tax not recognised	-	(241)
Other timing differences	(25)	(9)
	<hr/>	<hr/>
Total income tax expense	867	870

Changes in tax rates and factors affecting the future tax charge

From 1 April 2020 the main rate of corporation tax will reduce from 19% to 17% and was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. All deferred tax balances have been recognised at the rate at which they are expected to reverse.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)

10 Property, plant and equipment

	Leasehold improvements £'000	Motor vehicles £'000	Office equipment, fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2017	1,101	42	1,721	2,248	5,112
Acquired through business combinations	136	71	1,449	269	1,925
Additions	310	-	2,176	411	2,897
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,547	113	5,346	2,928	9,934
Additions	224	-	3,290	491	4,005
Disposals	(779)	-	(123)	-	(902)
Transfers	-	-	(70)	20	(50)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	992	113	8,443	3,439	12,987
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
At 1 January 2017	381	35	1,301	1,507	3,224
Charge for the year	197	41	960	606	1,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	578	76	2,261	2,113	5,028
At 1 January 2018	578	76	2,261	2,113	5,028
Charge for the year	263	23	1,343	572	2,201
Disposals	(289)	-	(33)	-	(322)
Transfers	-	-	(15)	-	(15)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	552	99	3,556	2,685	6,892
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2018	440	14	4,887	754	6,095
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	969	37	3,085	815	4,906
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	720	7	420	741	1,888
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

11 Intangible assets

	Goodwill £'000	Brand name £'000	Customer relationships £'000	Total £'000
Cost				
At 1 January 2017	40,779	10,710	31,333	82,822
Acquired through business combinations	28,677	2,661	20,119	51,457
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	69,456	13,371	51,452	134,279
Acquired through business combinations	295	-	-	295
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	69,751	13,371	51,452	134,574
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation				
At 1 January 2017	-	1,008	3,864	4,872
Charge for the year	-	817	3,864	4,681
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	1,825	7,728	9,553
Charge for the year	-	891	4,764	5,655
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	2,716	12,492	15,208
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2018	69,751	10,655	38,960	119,366
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	69,456	11,546	43,724	124,726
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	40,779	9,702	27,469	77,950
	<hr/>	<hr/>	<hr/>	<hr/>

The remaining period of amortisation for brand names is in the range of 13.5 to 14.5 years. The remaining period of amortisation for customer relationships is in the range of 9 to 12 years.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 (continued)

12 Goodwill and impairment

Details of goodwill allocated to cash generating units for which the amount of goodwill allocated is significant in comparison to total goodwill is as follows:

	2018 £'000	2017 £'000
CH and Co Catering Limited	17,866	17,866
HCMGH Limited	15,544	15,544
The Brookwood Partnership Limited	7,369	7,369
Harbour & Jones Limited	24,390	24,215
Concerto Group Holdings Limited	4,582	4,462
	69,751	69,456

Goodwill represents the excess of the consideration over the fair value of the net assets acquired on the purchase of the subsidiary companies listed in note 3 to the parent Company financial statements. In accordance with IFRS, this balance is not amortised and is subject to annual impairment reviews. Goodwill has been allocated to each cash-generating unit. Goodwill at 31 December 2018 was assessed on the basis of value in use using the following assumptions, which reflect past experience of the Group:

Cash-generating unit

	CH & Co Catering Limited	HCMGH Limited	The Brookwood Partnership Limited	Harbour & Jones Limited	Concerto Group Holdings Limited
Discount rate pre-tax	17.5%	17.5%	19.3%	19.3%	19.3%
Terminal value after period 5	2.0%	2.0%	2.0%	2.0%	2.0%
Period on which detailed forecasts were based	4 years	4 years	4 years	4 years	4 years
Growth rate applied during 4 year detailed forecast period (average)	9.5%	13.0%	6.5%	8.8%	8.5%
Growth rate applied beyond approved forecast to period 5	16.0%	15.9%	8.7%	8.3%	14.0%

The growth rate beyond the forecast period is based on a blend of average growth rates experienced by the Group and management's assessment of industry and macro-economic outlooks. Discount rates are based on the Group's WACC.

On review, the Directors are satisfied that no impairment has taken place during the year.

If the following adjustments were made to key assumptions, the carrying values and recoverable amounts of each of the cash-generating units would be equal.

Cash-generating unit

	CH & Co Catering Limited	HCMGH Limited	The Brookwood Partnership Limited	Harbour & Jones Limited	Concerto Group Holdings Limited
Discount rate pre-tax	17.7%	17.7%	21.0%	19.5%	36.2%
Level of consistent growth rate from year 2 onwards	9.0%	11.6%	3.3%	8.0%	-25.1%

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

13 Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	2,626	2,661

There is no material difference between the replacement cost of inventories and the amounts stated above.

14 Derivative financial instruments

	2018 £'000	2017 £'000
Derivative financial assets		
Interest rate swap	-	-

The Group enters into floating-to-fixed interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at floating rates.

The Group had one interest rate swap at 31 December 2017. The notional principal amount of the outstanding interest rate swap contract at 31 December 2017 was £51,500,000. The fair value of the asset was £30,289. For the purposes of the consolidated financial statements this amount was not recognised as it was not considered material to the Group.

15 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	35,550	34,457
Less: provision for impairment of trade receivables	(135)	(440)
Trade receivables – net	35,415	34,017
Other receivables	16,946	5,536
Total financial assets other than cash and cash equivalents classified at amortised cost	52,361	39,553
Prepayments	1,624	7,700
Total trade and other receivables	53,985	47,253

The carrying value of trade and other receivables classified as at amortised cost approximates fair value.

For 2018, certain amounts have been included within prepayments and other receivables to better reflect their substance.

Other receivables include amounts due from suppliers for volume based rebates, along with accrued income.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2018 (continued)

15 Trade and other receivables (continued)

As at 31 December 2018 trade receivables of £7,293,000 (2017 - £8,739,000) were past due. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2018 £'000	2017 £'000
Up to 3 months	4,106	5,492
3 to 6 months	1,372	1,866
6 to 12 months	1,815	1,381
	<u>7,293</u>	<u>8,739</u>

As at 31 December 2018 trade receivables of £135,000 (2017 - £440,000) were past due and fully impaired. The ageing of these receivables is as follows:

	2018 £'000	2017 £'000
Up to 3 months	-	223
3 to 6 months	-	172
6 to 12 months	135	45
	<u>135</u>	<u>440</u>

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

16 Cash and cash equivalents

	2018 £'000	2017 £'000
Cash and cash equivalents per the statement of financial position	15,445	15,354
Cash and cash equivalents per the statement of cash flows	<u>15,445</u>	<u>15,354</u>

The balance comprises solely of cash at bank and on hand.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

17 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	31,894	25,785
Other payables	4,264	5,588
Invoice discounting	6,667	4,200
Accruals	13,805	13,320
	<hr/>	<hr/>
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	56,630	48,893
Other payables - tax and social security payments	6,720	7,147
	<hr/>	<hr/>
Total trade and other payables	63,350	56,040
	<hr/>	<hr/>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The invoice discounting facility is secured over the related debtor book.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)

18 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Due between 1 and 2 years £'000	Due between 2 and 5 years £'000	Due after 5 years £'000	2018 Total £'000
Non-Current				
Senior debt (secured)	2,332	63,431	-	65,763
Capitalised senior debt arrangement fees	(606)	(332)	-	(938)
Loan notes (unsecured)	-	52,973	-	52,973
	<u>1,726</u>	<u>116,072</u>	<u>-</u>	<u>117,798</u>
	Due between 1 and 2 years £'000	Due between 2 and 5 years £'000	Due after 5 years £'000	2017 Total £'000
Non-Current				
Senior debt (secured)	2,098	65,063	-	67,161
Capitalised senior debt arrangement fees	(494)	(918)	-	(1,412)
Loan notes (unsecured)	-	49,594	-	49,594
	<u>1,604</u>	<u>113,739</u>	<u>-</u>	<u>115,343</u>
			2018 Total £'000	2017 Total £'000
Current				
Senior debt (secured)			2,548	2,098
Capitalised senior debt arrangement fees			(605)	(494)
Loan notes (unsecured)			1,891	1,792
			<u>3,834</u>	<u>3,396</u>
Total loans and borrowings			<u>121,632</u>	<u>118,739</u>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

18 Loans and borrowings *(continued)*

Terms and debt repayment schedule

	Amount	Currency	Nominal interest rate	Year of maturity
Senior debt A1	5,763	GBP	3.5%	2021
			above LIBOR	
Senior debt B1	13,800	GBP	4.0%	2021
Senior debt A2	3,130	GBP	3.5%	2021
			above LIBOR	
Senior debt B2	6,000	GBP	4.0%	2021
Acquisition Facility	4,500	GBP	4.0%	2021
			above LIBOR	
Senior debt C	34,209	GBP	4.0%	2021
Loan notes A	22,148	GBP	10.0%	2021
Loan notes B1 & B2	20,967	GBP	7.5%	2021
Loan notes C	8,257	GBP	7.5%	2021
Loan notes D	3,492	GBP	5.0%	2021
	<hr/>			
	122,266			
Capitalised loan fees	(1,543)			
Accrued interest	909			
	<hr/>			
	121,632			
	<hr/>			

Capitalised loan related costs are amortised over the life of the loan to which they relate.

The senior debt is secured with a fixed and floating charge over the assets of CH&CO Catering Group (Holdings) Limited, for its present and future obligations and liabilities under the terms of the loan. The Acquisition facility has a maximum draw down of £10m.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17%.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

The Group has no unrecognised gross deferred tax asset (2017 - £Nil) in respect of trading losses carried forward and temporary fixed asset and short term differences.

The movements in deferred tax assets and liabilities during the year are shown below.

	Asset 2018 £'000	Liability 2018 £'000	Net 2018 £'000	Charged to profit or loss 2018 £'000	Charged to equity 2018 £'000
Accelerated capital allowances	63	(106)	(43)	(42)	-
Other temporary and deductible differences	99	(86)	13	47	-
Available losses	36	-	36	-	-
Business combinations	-	(8,435)	(8,435)	(961)	-
	<u>199</u>	<u>(8,627)</u>	<u>(8,429)</u>	<u>(956)</u>	<u>-</u>
Tax asset/(liability)					
	Asset 2017 £'000	Liability 2017 £'000	Net 2017 £'000	Charged to profit or loss 2017 £'000	Charged to equity 2017 £'000
Accelerated capital allowances	30	(115)	(85)	(76)	-
Other temporary and deductible differences	60	-	60	(23)	-
Available losses	36	-	36	(46)	-
Business combinations	-	(9,396)	(9,396)	(879)	-
	<u>126</u>	<u>(9,511)</u>	<u>(9,385)</u>	<u>(1,023)</u>	<u>-</u>
Tax asset/(liability)					

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 *(continued)*

20 Share capital and share premium

	Authorised, issued and fully paid		Share premium
	2018 Number	2018 £	2018 £
<i>Ordinary shares of £0.001 each</i>			
A ordinary shares issued at £1 per share	386,000	386	385,614
B ordinary shares issued at £1 per share	482,879	483	482,396
C ordinary shares issued at £1 per share	44,330	44	44,286
C ordinary shares issued at £0.001 per share	61,211	61	-
C ordinary shares issued at £3 per share	6,092	6	18,270
C ordinary shares issued at £5.80 per share	18,281	18	106,015
D ordinary shares issued at £0.001 per share	5	-	-
At 31 December	998,798	998	1,036,581

	Authorised, issued and fully paid		Share premium
	2017 Number	2017 £	2017 £
<i>Ordinary shares of £0.001 each</i>			
A ordinary shares issued at £1 per share	386,000	386	385,614
B ordinary shares issued at £1 per share	482,879	483	482,396
C ordinary shares issued at £1 per share	44,330	44	44,286
C ordinary shares issued at £0.001 per share	61,461	61	-
C ordinary shares issued at £3 per share	6,092	6	18,270
D ordinary shares issued at £0.001 per share	6	-	-
At 31 December	980,768	980	930,566

Rights attached to shares

All ordinary shares rank *pari passu* in all respects; with the exception of the A ordinary shares which confer enhanced voting and other rights in the event of certain default situations.

The Company may not distribute any profits in respect of any financial period unless and until the loan notes have been repaid in full, unless a majority of the holders of each class of such loan notes otherwise agrees in writing and unless investor approval to such distribution shall have been obtained.

- On 1 May 2018 the company issued 17,685 C ordinary shares at a premium of £5.80 per share.
- On 22 June 2018 the company issued 596 C ordinary shares at a premium of £5.80 per share.
- On 27 June 2018 repurchased and cancelled 250 ordinary C shares of £0.001 and 1 D share of £0.001.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)

21 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Accumulated deficit	All other net gains and losses and transactions with owners not recognised elsewhere.

22 Leases

Operating leases

At 31 December 2018 the Group had the following gross minimum lease payments under non-cancellable operating leases:

	Land and buildings 2018 £'000	Other 2018 £'000	Land and buildings 2017 £'000	Other 2017 £'000
Not later than one year	1,403	616	2,491	595
Later than one year and not later than five years	3,320	778	5,875	515
Later than five years	600	-	909	-
	<u>5,323</u>	<u>1,394</u>	<u>9,275</u>	<u>1,110</u>

23 Business combinations

The deferred consideration relates to fixed amounts payable in respect of the acquisition of Concerto Group Holdings Limited in addition to residual amounts due in respect of one other acquisition.

24 Related party transactions

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

The key management personnel are deemed to be the Directors. During the year short term employee benefits of £983,000 (2017 - £936,000) were paid to the Directors. Details of Directors' remuneration are given in note 7.

During the year £Nil (2017 - £80,000) was paid to MML Capital Partners Fund VI GP for the services of two Directors. The amount outstanding at 31 December 2018 was £Nil (2017 - £nil).

At the year end, classified within other debtors, was an amount owed by a director in respect of unpaid share capital of £18,276.

CH&CO Catering Group (Holdings) Limited

**Notes forming part of the consolidated financial statements
for the year ended 31 December 2018 (*continued*)**

25 Subsequent events

During May 2019, the Group completed on the transaction to replace its minority investor partner, MML Capital Partners, with Equistone Partners Europe Ltd. Since the balance sheet date, the group has acquired the entire share capital of a business based in Scotland specialising in workplace and education catering for an initial consideration of £4m.

During January 2019 £10m of deferred consideration was paid in respect of 2017 acquisitions.

There have been no other events after the reporting date that require disclosure in the financial statements.

26 Ultimate parent company and control

The immediate parent and ultimate controlling company is CH&CO Catering Group (Holdings) Limited, a company incorporated and registered in the United Kingdom.

There is not considered to be a single ultimate controlling party.

CH&CO Catering Group (Holdings) Limited

Company statement of financial position at 31 December 2018

Company number 09504990	Note	2018 £'000	2017 £'000
Assets			
Current assets			
Trade and other receivables	5	932	932
Cash		106	-
		<hr/>	<hr/>
Total assets		1,038	932
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables	6	(34)	(22)
		<hr/>	<hr/>
Total liabilities		(34)	(22)
		<hr/>	<hr/>
Net assets		1,004	910
		<hr/>	<hr/>
Issued capital and reserves attributable to owners of the parent			
Share capital	7	1	1
Share premium	7	1,037	931
Accumulated deficit		(34)	(22)
		<hr/>	<hr/>
Total equity		1,004	910
		<hr/>	<hr/>

The loss in respect of the company for the year was £11,915 (2017 - £7,250).

The financial statements were approved and authorised for issue by the Board of Directors on 14 August 2019 and were signed on its behalf by:

M.E.H. Thomas.
N E H Thomas
Director

The notes on pages 47 to 52 form part of these financial statements.

CH&CO Catering Group (Holdings) Limited

Company statement of changes in equity for the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2018	1	931	(22)	910
Comprehensive loss for the year				
Loss for the year	-	-	(12)	(12)
Total comprehensive loss for the year	-	-	(12)	(12)
Contributions by and distributions to owners				
Issues of shares	-	106	-	106
Total contributions by and distributions to owners	-	106	-	106
31 December 2018	1	1,037	(34)	1,004

Company statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2017	1	912	(14)	899
Comprehensive loss for the year				
Loss for the year	-	-	(8)	(8)
Total comprehensive loss for the year	-	-	(8)	(8)
Contributions by and distributions to owners				
Issue of shares	-	19	-	19
Total contributions by and distributions to owners	-	19	-	19
31 December 2017	1	931	(22)	910

The notes on pages 47 to 52 form part of these financial statements.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the Company financial statements for the year ended 31 December 2018

1 Accounting policies

Basis of preparation

The parent company financial statements have been prepared in accordance with FRS 100 'Application of Financial Reporting Requirements' and FRS 101 'Reduced Disclosure Framework'.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied to the period presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts are rounded to the nearest thousand, unless otherwise stated.

As a consolidated statement of total comprehensive income is published, no separate statement of comprehensive income for the parent company has been included in these financial statements, as permitted by section 408 of the Companies Act 2006. The loss in respect of the company for the year is shown on the company statement of financial position. The remuneration of the directors of the company is disclosed in note 7 to the consolidated financial statements. Auditor's remuneration is disclosed in note 5 to the consolidated financial statements.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- financial instrument disclosures;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Group.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of the group. These financial statements do not include certain disclosures in respect of:

- share based payments;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

Presentational currency

The currency used in the presentation of these financial statements is British Pound Sterling which is its functional currency.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the Company financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company continues to generate sufficient cash to meet its short term liabilities as they fall due. Accordingly the going concern basis has been adopted in preparing the financial statements.

The following principal accounting policies have been applied:

Investments

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Financial assets

The Company does not have any financial assets which it would classify as fair value through profit or loss, or fair value through other comprehensive income. Therefore all financial assets are classed as below:

Financial assets at amortised costs

These assets are non-derivative financial assets with fixed or determinable receipts that are not quoted in an active market. They arise principally through the provision of goods and services to other group companies, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Please refer to note 1 on page 21 for the policy on calculating impairment provisions.

Financial liabilities

The Company does not have any financial liabilities that would be classified at fair value through profit or loss. Therefore these financial liabilities are classified as financial liabilities at amortised cost, as defined below.

Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the Company financial statements for the year ended 31 December 2018 (*continued*)

1 Accounting policies (*continued*)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the date of the statement of financial position.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

2 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Details of the Group related estimates are outlined in note 2 of the consolidated financial statements.

CH&CO Catering Group (Holdings) Limited

Notes forming part of the Company financial statements
for the year ended 31 December 2018 (continued)

3 Investments

The investments held directly and indirectly by CH&CO Catering Group (Holdings) Limited and consolidated into the consolidated financial statements are as follows:

Name	Country of incorporation	Registered No.	Proportion of ownership interest at 31 December 2018	Principal activity
CH & Co Catering Limited	United Kingdom	02613820	100%	Catering services
HCMGH Limited	United Kingdom	09005752	100%	Holding Company
Host Management Limited	United Kingdom	04759938	100%*	Catering services
Catermasters Contract Catering (Holdings) Company Limited	United Kingdom	08092736	100%*	Holding Company
Catermasters Contract Catering Limited	United Kingdom	03820136	100%*	Catering services
Ensemble Combined Services Limited	United Kingdom	07459986	100%*	Catering services
Juice for Life Limited	United Kingdom	05402911	100%*	Catering services
Bite Catering Limited	United Kingdom	05097580	100%*	Catering services
The Brookwood Partnership Limited	United Kingdom	03271727	100%	Catering services
Absolutely Catering Limited	United Kingdom	06313610	100%*	Catering services
Absolutely Catering Partnership Limited	United Kingdom	08611165	100%*	Dormant Company
Absolutely Partnership Limited	United Kingdom	08611346	100%*	Dormant Company
Chester Boyd Limited	United Kingdom	01730792	100%*	Dormant Company
Charlton House Unique Venues Limited	United Kingdom	04710919	100%*	Dormant Company
Turtle Soup Limited	United Kingdom	03351681	100%*	Dormant Company
Graison Limited	United Kingdom	03351691	100%*	Dormant Company
The In House Catering Company Limited	United Kingdom	03085591	100%*	Dormant Company
Harbour & Jones Limited	United Kingdom	05016914	100%	Catering services
Upfront Reception Services Limited	United Kingdom	09156540	100%*	Catering services
Principal Catering Consultants Limited	United Kingdom	02419830	100%*	Catering services
Concerto Group Holdings Limited	United Kingdom	06459580	100%	Catering services
Concerto Group Limited	United Kingdom	02063425	100%*	Catering services
Concerto Events Limited	United Kingdom	02316740	100%*	Catering services
Create Food Limited	United Kingdom	02857354	100%*	Catering services
Delfina Events Limited	United Kingdom	06026055	100%*	Dormant Company
Touch of Taste Limited	United Kingdom	01989192	100%*	Dormant Company
Business Pursuits Limited	United Kingdom	04823991	100%*	Dormant Company
Ultimate Experience Limited	United Kingdom	07804608	100%*	Dormant Company
Full Circle Performance and Production Limited	United Kingdom	11835971	50%*	Event management
Mask UK Limited	United Kingdom	06449035	100%*	Dormant Company

*Investment held indirectly

CH&CO Catering Group (Holdings) Limited

Notes forming part of the Company financial statements for the year ended 31 December 2018 (continued)

3 Investments (continued)

The registered office for Harbour and Jones Limited and Principal Catering Consultants Limited is The Lightbox, 127-133 Charing Cross Road, London, WC2H 0EW.

The registered office of Full Circle Performance and Production Limited is Acre House, 11/15 William Road, London, United Kingdom, NW1 3ER.

The registered office of all other subsidiaries is 550 Second Floor, Thames Valley Park, Reading, Berkshire, RG6 1PT.

CH&CO Catering Group (Holdings) Limited has given statutory guarantees against all the outstanding liabilities of all the wholly-owned subsidiaries, except for CH&CO Catering Limited, as at 31 December 2018 thereby allowing dormant subsidiaries to be exempt from the requirement to prepare and file annual accounts under Section 394A of the Companies Act, and non-dormant subsidiaries to be exempt from the annual audit requirement under Section 479A of the Companies Act, for the period ended 31 December 2018.

4 Employee benefit expenses

No staff are employed by CH&CO Catering Group (Holdings) Limited and therefore no employee costs are charged to the company. The employee costs for the consolidated group are shown in note 7 to the consolidated financial statements.

5 Trade and other receivables

	2018 £'000	2017 £'000
Amounts due from Group undertakings	913	932
Other debtors	19	-
	<hr/>	<hr/>
Total trade and other receivables	932	932
	<hr/>	<hr/>

6 Trade and other payables

	2018 £'000	2017 £'000
Accruals	34	22
	<hr/>	<hr/>
Total trade and other payables	34	22
	<hr/>	<hr/>

CH&CO Catering Group (Holdings) Limited

Notes forming part of the Company financial statements
for the year ended 31 December 2018 *(continued)*

7 Share capital and share premium

	Authorised, issued and fully paid		Share Premium
	2018 Number	2018 £	2018 £
<i>Ordinary shares of £0.001 each</i>			
A ordinary shares issued at £1 per share	386,000	386	385,614
B ordinary shares issued at £1 per share	482,879	483	482,396
C ordinary shares issued at £1 per share	44,330	44	44,286
C ordinary shares issued at £0.001 per share	61,211	61	-
C ordinary shares issued at £3 per share	6,092	6	18,270
C ordinary shares issued at £5.80 per share	18,281	18	106,015
D ordinary shares issued at £0.001 per share	5	-	-
At 31 December	998,798	998	1,036,581
	Authorised, issued and fully paid		Share Premium
	2017 Number	2017 £	2017 £
<i>Ordinary shares of £0.001 each</i>			
A ordinary shares issued at £1 per share	386,000	386	385,614
B ordinary shares issued at £1 per share	482,879	483	482,396
C ordinary shares issued at £1 per share	44,330	44	44,286
C ordinary shares issued at £0.001 per share	61,461	61	-
C ordinary shares issued at £3 per share	6,092	6	18,270
D ordinary shares issued at £0.001 per share	6	-	-
At 31 December	980,768	980	930,566

Rights attached to shares

All ordinary shares rank *pari passu* in all respects; with the exception of the A ordinary shares which confer enhanced voting and other rights in the event of certain default situations.

The Company may not distribute any profits in respect of any financial period unless and until the loan notes have been repaid in full, unless a majority of the holders of each class of such loan notes otherwise agrees in writing and unless investor approval to such distribution shall have been obtained.

On 1 May 2018 the company issued 17,685 C ordinary shares at a premium of £5.80 per share.

On 22 June 2018 the company issued 596 C ordinary shares at a premium of £5.80 per share.

On 27 June 2018 repurchased and cancelled 250 ordinary C shares of £0.001 and 1 D share of £0.01.

8 Related party transactions

Details of related party transactions with related parties outside the Group are provided in note 24 to the consolidated financial statements.