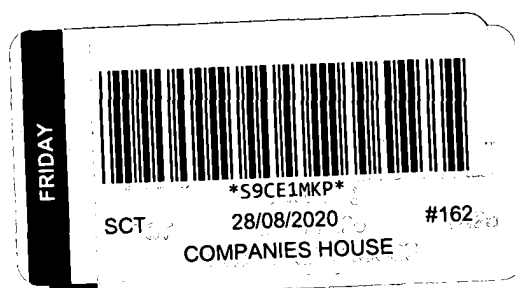


Registered number: SC234207

## HERITAGE PORTFOLIO LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019



## **HERITAGE PORTFOLIO LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	C J Bray S M Haley A Piccirillo (appointed 1 September 2018) J M Renton (appointed 1 November 2019)
<b>Company secretary</b>	Sodexo Corporate Services (No.2) Limited
<b>Registered number</b>	SC234207
<b>Registered office</b>	Hopetoun House South Queensferry West Lothian EH30 9SL

## **HERITAGE PORTFOLIO LIMITED**

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## **HERITAGE PORTFOLIO LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

#### **Introduction**

The directors present their strategic report, director's report and audited financial statements for the year ended 31 August 2019.

#### **Principal Activities**

The Company is a wholly owned subsidiary of Lindley Catering Limited.

The Company's principal activity is the provision of catering services.

#### **Business review**

The Company trades within the niche heritage hospitality and retail marketplace. This is a conscious decision which has the ongoing support of the board to ensure that the market positioning and reputation of the Company is maintained.

The Company is cash flow positive and has a strong balance sheet with substantial reserves.

#### **Principal risks and uncertainties**

The key non-financial risks affecting the business are potential loss of profitable contracts and potential changes in clients' circumstances.

To manage such risks the Company continues to:

- Maintain a high quality of service;
- Maintain a high standard of food and beverage offering;
- Build strong partnerships with its customers;
- Monitor contract performance closely; and
- Invest in additional people (at all levels) and systems.

#### **Financial Risks**

The Company's operations expose it to a variety of financial risks that include interest rate risk and credit risk.

All of the Company's funding is provided via intergroup loans from Centerplate UK Ltd and an overdraft facility for working capital. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR as interest rates are variable on certain of the facilities. These risks are managed by the wider Group headed up by Sodexo SA.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed and reviewed by the Finance Director.

## HERITAGE PORTFOLIO LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

#### Key performance indicators

The Company's strategy is one of measured growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs:

- Growth in turnover;
- Gross profit and labour percentages;
- Growth in EBIT; and
- Stock holding days.

Turnover of £13,887,941 for the year has increased by 113.7% against the £6,498,893 achieved in 2018 primarily as a result of the prior period only being 8 months in length.

The Gross Profit of £2,053,594 means the margin achieved was 14.8% against the £1,498,208 or 23.1% achieved during 2018, this was the result of a slower start to the 2019 year than 2018 because of some one off events which occurred in 2018.

The EBIT loss for the year of £(34,635) is improved (2018: £(274,994)) due to new increases to provisions in the period to 31 August 2018 which are not replicated in the current year.

Stockholding days have decreased to 9.7 days from 12.4 days, this reflects the timing of events around year end.

This report was approved by the board on 27 August 2020 and signed on its behalf.



**J M Renton**  
Director

## HERITAGE PORTFOLIO LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their report and the financial statements for the year ended 31 August 2019.

#### Results and dividends

The loss for the year, after taxation, amounted to £31,868 (2018 - loss £137,837).

#### Directors

The directors who served during the year were:

L P J Arnaudo (resigned 1 November 2019)  
C J Bray  
S M Haley  
A Piccirillo (appointed 1 September 2018)

#### Future developments

The Company aims to invest more in client service and delivery going forward in its existing contracts. The future intention is to develop the Heritage Portfolio brand name beyond its current heartland of Scotland.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Post balance sheet events - Coronavirus (COVID 19)

Subsequent to the balance sheet date, the United Kingdom has been affected by the global Coronavirus pandemic. The Sodexo business in the United Kingdom has been protected by some of our services to government, and facilities management / non-food services. While Sodexo is accessing the Coronavirus Job Retention Scheme offered by the UK government, Coronavirus is expected to have a material impact on the profit and cash flow for Heritage Portfolio Limited for the rest of the financial year 2020, albeit temporary. Impacts are being closely monitored and actions are being taken to protect cash and profit for the future. At this stage we expect to be still able to pay all suppliers and labour costs.

#### Auditors

The auditors, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**HERITAGE PORTFOLIO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

This report was approved by the board on 27 August 2020 and signed on its behalf.



**J M Renton  
Director**

**Hopetoun House  
South Queensferry  
West Lothian  
EH30 9SL**

## **HERITAGE PORTFOLIO LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**

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 financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## HERITAGE PORTFOLIO LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE PORTFOLIO LIMITED

#### Opinion

We have audited the financial statements of Heritage Portfolio Limited ("the company") for the year ended 31 August 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006;

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### Strategic and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

## HERITAGE PORTFOLIO LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE PORTFOLIO LIMITED

#### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

#### Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities

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

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

**HERITAGE PORTFOLIO LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE PORTFOLIO LIMITED**

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

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



Andrew Reddington (Senior statutory auditor)

for and on behalf of

**KPMG LLP, Statutory Auditor**

Chartered Accountants

1 St Peter's Square  
Manchester  
M2 3AE

Date: 27<sup>th</sup> August 2020

# HERITAGE PORTFOLIO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2019

		<b>Year ended 31 August 2019</b>	<b>8 months 31 August 2018</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Turnover	4	13,887,941	6,498,893
Cost of sales		(11,834,347)	(5,000,685)
<b>Gross profit</b>		<b>2,053,594</b>	<b>1,498,208</b>
Administrative expenses		(2,088,229)	(1,773,202)
<b>Operating loss</b>	5	<b>(34,635)</b>	<b>(274,994)</b>
Tax on loss	9	2,767	137,157
<b>Loss for the financial year</b>		<b><u>(31,868)</u></b>	<b><u>(137,837)</u></b>

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 12 to 29 form part of these financial statements.

**HERITAGE PORTFOLIO LIMITED**  
**REGISTERED NUMBER: SC234207**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	935,102	552,797
Investments	12	10,003	10,003
		<u>945,105</u>	<u>562,800</u>
<b>Current assets</b>			
Stocks	13	313,409	254,673
Debtors: amounts falling due within one year	14	2,499,878	2,882,191
Cash at bank and in hand		957,775	289,433
		<u>3,771,062</u>	<u>3,426,297</u>
Creditors: amounts falling due within one year	15	(3,706,675)	(2,860,758)
<b>Net current assets</b>		<u>64,387</u>	<u>565,539</u>
<b>Total assets less current liabilities</b>		<u>1,009,492</u>	<u>1,128,339</u>
<b>Provisions for liabilities</b>			
Provisions	18	(213,848)	(300,827)
		<u>(213,848)</u>	<u>(300,827)</u>
<b>Net assets</b>		<u><u>795,644</u></u>	<u><u>827,512</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	20,000	20,000
Profit and loss account		775,644	807,512
		<u><u>795,644</u></u>	<u><u>827,512</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 August 2020.



**J M Renton**  
Director

The notes on pages 12 to 29 form part of these financial statements.

# HERITAGE PORTFOLIO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 January 2018</b>	<b>20,000</b>	<b>945,349</b>	<b>965,349</b>
<b>Comprehensive income for the period</b>			
Loss for the period	-	(137,837)	(137,837)
<b>At 1 September 2018</b>	<b>20,000</b>	<b>807,512</b>	<b>827,512</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(31,868)	(31,868)
<b>At 31 August 2019</b>	<b><u>20,000</u></b>	<b><u>775,644</u></b>	<b><u>795,644</u></b>

The notes on pages 12 to 29 form part of these financial statements.

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 1. General information

Heritage Portfolio Limited is a private limited company limited by shares and it is incorporated in the United Kingdom. The address of its registered office is Hopetoun House, South Queensferry, West Lothian, EH30 9SL. The Company's registered number of the Company is SC234207.

The Company's principal activity during the reporting period is the provision of catering services.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is Pounds sterling. All amounts in the financial statements have been rounded to the nearest £1

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's ultimate parent undertaking, Sodexo S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Sodexo S.A. are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 17. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Sodexo S.A. include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The following principal accounting policies have been applied:

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 2. Accounting policies (continued)

##### 2.2 Going concern

The directors continue to adopt the going concern basis in the preparation of the financial statements.

The company is part of the Sodexo group. The Sodexo UK business has remained resilient during the coronavirus outbreak due to the high proportion of trade in both government and non-food contracts. Trade in food services has reduced for our education, sport and leisure and corporate clients. From review of market insight and knowledge of our business, the directors believe that the business is well placed to generate future profitable trade and cash. We expect the market and Sodexo trade to ramp up again during FY21, albeit at different paces for different client groups. In addition, the company continues to see opportunities for organic growth, with some new contracts realised post the balance sheet date.

However, the business is expected to continue to be adversely impacted in FY21. To inform the basis of preparation of these accounts, the directors have considered cash and profit scenarios for forward trade over the next 13 months, based on the facts we have now. These range from a phased stand up, to a significant lock down period of 6 months plus with trade impacted in a similar way to FY20. The forecasts indicate that the company will continue to be resilient to the situation. Routine peaks in cash requirements during the trading cycle, will be funded from the overdraft facility established with the parent company Sodexo SA if necessary. If necessary, which would expect to be for a worst-case scenario, the company could draw upon funding that has been indicated by a letter of support received from Sodexo SA. Sodexo SA is the French domiciled parent company, which currently has a strong credit rating of A- from Standard and Poor. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and therefore have prepared the financial statements on a going concern basis.



## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 2. Accounting policies (continued)

##### 2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### **Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.4 Operating leases: The Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 2. Accounting policies (continued)

##### 2.5 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 2. Accounting policies (continued)

##### 2.7 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### 2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10%	on cost or lease term if lower
Fixtures and fittings	- 33%	straight line/life of contract if shorter

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 2. Accounting policies (continued)

##### 2.15 Financial instruments (continued)

##### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 2. Accounting policies (continued)

##### 2.15 Financial instruments (continued)

cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets and liabilities, turnover and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 addressed below.

##### (i) Useful economic lives of property, tangible assets

The annual depreciation or amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual value of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See notes 10 and 11 for the carrying amount of tangible and intangible assets and note 2.8 for the useful economic lives for each class of asset.

##### (ii) Intangible assets reclassification

FRS102 requires judgement to be exercised when determining whether software costs should be recognised as tangible assets or intangible assets. Where software is regarded an integral part of the related hardware and the hardware cannot operate without the particular piece of software, it is to be treated as a tangible asset. However, where the software is not an integral part of the related hardware, software is to be treated as an intangible asset. Management have decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

##### (iii) Onerous contracts

Provision is made for onerous contracts. These provisions require management's best estimate of the costs that will be incurred. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 August 2019 £	8 months 31 August 2018 £
Provision of catering services	13,887,941	6,498,893
	<u>13,887,941</u>	<u>6,498,893</u>

Analysis of turnover by country of destination:

	Year ended 31 August 2019 £	8 months 31 August 2018 £
United Kingdom	13,887,941	6,498,893
	<u>13,887,941</u>	<u>6,498,893</u>

### 5. Operating loss

The operating loss is stated after charging:

	Year ended 31 August 2019 £	8 months 31 August 2018 £
Depreciation of tangible fixed assets	76,197	112,693
Amortisation of intangible assets, including goodwill	-	20,651
Defined contribution pension cost	63,172	22,285

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

6. Auditors' remuneration

	Year ended 31 August 2019 £	8 months 31 August 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>11,000</u>	<u>10,832</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.



# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 7. Employees

Staff costs were as follows:

	Year ended 31 August 2019 £	8 months 31 August 2018 £
Wages and salaries	4,906,503	2,253,785
Social security costs	359,477	150,580
Cost of defined contribution scheme	63,172	22,285
	<u>5,329,152</u>	<u>2,426,650</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 August 2019 No.	8 months 31 August 2018 No.
Management and administration	74	66
Catering	454	156
	<u>528</u>	<u>222</u>

### 8. Directors' remuneration

The Company's directors are remunerated through other entities in the group of companies headed by Sodexo S.A. Accordingly there was no directors' remuneration for the year ended 31 August 2019.

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 9. Taxation

	Year ended 31 August 2019 £	8 months 31 August 2018 £
<b>Corporation tax</b>		
Current tax on loss for the year	(26,449)	12,785
Adjustments in respect of previous periods	(17,973)	-
<b>Total current tax</b>	<u>(44,422)</u>	<u>12,785</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	23,504	(57,418)
Changes to tax rates	2,299	1,767
Adjustments in respect of previous years	15,852	(94,291)
<b>Total deferred tax</b>	<u>41,655</u>	<u>(149,942)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(2,767)</u>	<u>(137,157)</u>

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 9. Taxation (continued)

#### Factors affecting tax charge for the year/period

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 August 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase any deferred tax asset or liability. As at 31 August 2019 if the deferred tax rate of 19% had been applied, the deferred tax asset would have increased by £10k.

	Year ended 31 August 2019 £	8 months 31 August 2018 £
Loss on ordinary activities before tax	<u>(34,635)</u>	<u>(274,994)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(6,581)	(52,249)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,636	7,615
Adjustments to tax charge in respect of prior periods	(2,121)	(94,291)
Impact of rate change on deferred tax balances	2,299	1,768
<b>Total tax (credit) for the year/period</b>	<u><b>(2,767)</b></u>	<u><b>(137,157)</b></u>

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 10. Intangible assets

	Goodwill £	Computer software £	Total £
<b>Cost</b>			
At 1 September 2018	380,658	1,659	382,317
At 31 August 2019	<u>380,658</u>	<u>1,659</u>	<u>382,317</u>
<b>Amortisation</b>			
At 1 September 2018	380,658	1,659	382,317
At 31 August 2019	<u>380,658</u>	<u>1,659</u>	<u>382,317</u>
<b>Net book value</b>			
At 31 August 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2018	<u>-</u>	<u>-</u>	<u>-</u>

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

11. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 September 2018	143,292	1,486,651	1,629,943
Additions	248,373	210,129	458,502
At 31 August 2019	<u>391,665</u>	<u>1,696,780</u>	<u>2,088,445</u>
<b>Depreciation</b>			
At 1 September 2018	132,791	944,355	1,077,146
Charge for the year on owned assets	32,569	43,628	76,197
At 31 August 2019	<u>165,360</u>	<u>987,983</u>	<u>1,153,343</u>
<b>Net book value</b>			
At 31 August 2019	<u>226,305</u>	<u>708,797</u>	<u>935,102</u>
At 31 August 2018	<u>10,501</u>	<u>542,296</u>	<u>552,797</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Short leasehold	226,305	10,501
	<u>226,305</u>	<u>10,501</u>

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 12. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 September 2018	10,003
At 31 August 2019	<u>10,003</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Portfolio Catering Limited	Hopetoun House, South Queensferry, West Lothian, EH30 9SL	Ordinary	100 %
Heritage Hospitality (Scotland) Limited	Hopetoun House, South Queensferry, West Lothian, EH30 9SL	Ordinary	100 %
Apan Limited	Hopetoun House, South Queensferry, West Lothian, EH30 9SL	Ordinary	100 %

All subsidiaries were incorporated in the United Kingdom.

### 13. Stocks

	2019 £	2018 £
Raw materials and consumables	313,409	254,673
	<u>313,409</u>	<u>254,673</u>

Stock recognised in cost of sales during the year as an expense was £3,255,000 (2018 - £1,288,000).

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 14. Debtors

	2019 £	2018 £
Trade debtors	855,675	384,706
Amounts owed by group undertakings	1,377,908	2,281,706
Prepayments and accrued income	181,176	89,005
Deferred taxation	85,119	126,774
	<u>2,499,878</u>	<u>2,882,191</u>

### 15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	801,284	1,056,940
Amounts owed to group undertakings	219,948	22,788
Other taxation and social security	751,397	628,918
Other creditors	958,789	854,610
Accruals and deferred income	975,257	297,502
	<u>3,706,675</u>	<u>2,860,758</u>

# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 16. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	957,775	289,433
Financial assets that are debt instruments measured at amortised cost	2,233,583	2,666,412
	<u>3,191,358</u>	<u>2,955,845</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(2,922,139)</u>	<u>(2,128,589)</u>



# HERITAGE PORTFOLIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 17. Deferred taxation

	2019 £
At beginning of year	126,774
Charged to profit or loss	(41,655)
<b>At end of year</b>	<b><u>85,119</u></b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	45,397	84,283
Short-term timing differences	39,722	42,491
	<b><u>85,119</u></b>	<b><u>126,774</u></b>

### 18. Provisions

	Onerous Contract provision £	Dilapidation Provision £	Total £
At 1 September 2018	86,979	213,848	300,827
Utilised in year	(86,979)	-	(86,979)
<b>At 31 August 2019</b>	<b><u>-</u></b>	<b><u>213,848</u></b>	<b><u>213,848</u></b>

### 19. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
20,000 (2018 - 20,000) Ordinary shares of £1.00 each	<b><u>20,000</u></b>	<b><u>20,000</u></b>

## HERITAGE PORTFOLIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £63,172 (2018 - £22,285). Contributions totalling £24,398 (2018 - £19,808) were payable to the fund at the balance sheet date.

#### 21. Commitments under operating leases

At 31 August 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	78,337	57,241
Later than 1 year and not later than 5 years	119,089	152,416
	<u>197,426</u>	<u>209,657</u>

#### 22. Controlling party

The Company's immediate parent undertaking in Lindley Catering Limited.

Sodexo SA. is the smallest and largest undertaking to prepare consolidated financial statements which include the results of the Company. Copies of the consolidated financial statements can be obtained from The Secretary, Sodexo S.A., 225 Quai de la Bataille de Stalingrad, 92866 Issy-Les-Moulineaux, France.

The Company's ultimate controlling party is Sodexo SA.