
HERITAGE PORTFOLIO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022



HERITAGE PORTFOLIO LIMITED

COMPANY INFORMATION

Directors	Sean Haley Angelo Piccirillo Jean Renton Rebecca Kane Burton (appointed 14 December 2022)
Company secretary	Sodexo Corporate Services (No.2) Limited
Registered number	SC234207
Registered office	49 North Fort Street Leith Edinburgh EH6 4HJ
Independent auditor	KPMG LLP, Statutory Auditor Chartered Accountants 1 St Peter's Square Manchester M2 3AE

HERITAGE PORTFOLIO LIMITED

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HERITAGE PORTFOLIO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Introduction

The directors present their strategic report, directors' report and audited financial statements for the year ended 31 August 2022.

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.

As shown in the Statement of Comprehensive Income on page no 10, the operating loss for the period was £753,642 (2021: loss of £2,380,942). Over the same period turnover has increased from £2,418,074 to £10,091,646.

Within the loss for the year is £nil (2021: £64,553) received from the UK Government's Coronavirus Job Retention Scheme. The Company assessed the scheme in order to protect jobs and ensure services to customers could be maintained.

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 2022

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 £10,091,646 for the year has increased by 317% against the £2,418,074 achieved in 2021 reflecting the re-opening of sites and the resumption of trade after the Covid-19 pandemic during the prior two years.

The gross profit of £1,938,608 means the margin achieved was 19.2% against the gross loss of £145,435 or -6.0% achieved during 2021, again showing the impact of the resumption of trade after the Covid-19 pandemic on operations.

The EBIT loss for the year of £753,642 has improved (2021: £2,380,942 loss), again due to the impact of the Covid-19 pandemic.

This report was approved by the board on 14th August 2023 and signed on its behalf.



Jean Renton

Director

HERITAGE PORTFOLIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their report and the financial statements for the year ended 31 August 2022.

Results and dividends

The loss for the year, after taxation, amounted to £586,384 (2021 - loss £1,890,882).

Directors

The directors who served during the year were:

Chris Bray (resigned 17 December 2021)

Sean Haley

Susanna Kitcher (appointed 2 February 2022, resigned 14 December 2022)

Angelo Piccirillo

Jean Renton

Going concern

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

The Company forms part of the Sodexo UK and Ireland group of companies, together the "UK&I Group", which is part of the wider Sodexo Group headed by Sodexo S.A. The principal activity of the UK&I Group is to provide facilities management and catering services across the UK and Ireland, operating across various segments such as education, sports and leisure, corporate services, government and healthcare.

The company meets its day to day working capital requirements from operational cash flows, cash pooling and intercompany loan arrangements within the UK&I Group.

The UK&I Group has remained resilient throughout the adverse changes in the economic environment as a result of tight management of cash and balance sheet, and strong retention of existing contracts, alongside the spread of business across food and facilities management services, and across public and private sector clients as well as the strong inflation management processes in place. In addition, the UK&I Group continues to see opportunities for organic growth with new contracts in the pipeline. However, we remain prepared for further macro-economic impacts with agility, good commercial management, and careful cost control continuing to be critical.

To inform the basis of preparation of these accounts, the directors have considered cash and profit forecasts for forward trade over the next 12 months of the UK&I Group, based on the facts we have now. These forecasts include a severe but plausible downside scenario which models a deterioration in gross margin as a result of operational performance, a downturn in revenues due to contracts of key clients not being renewed and the under recovery of inflation. The forecasts indicate that the UK&I Group will continue to be resilient in the current macro-economic environment. Routine peaks in cash requirements during the trading cycle will be funded from an overdraft facility with the parent company, Sodexo S.A., if necessary. In a worst-case scenario, the Company could draw upon additional funding from its ultimate parent company to enable it to meet its liabilities as they fall due during the 12 month period from the signing of these accounts.

Sodexo S.A., which currently has a strong credit rating of Baa1 from Moody's Investors Service, has indicated its intention, by a letter of support, to continue to make available such funds as are needed by the company during the going concern assessment period. 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.

HERITAGE PORTFOLIO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

Going concern (continued)

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.

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 auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 14th August 2023 and signed on its behalf.



Jean Renton
Director

49 North Fort Street
Leith
Edinburgh
EH6 4HJ

HERITAGE PORTFOLIO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgments and 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. financial statements

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 AUDITOR'S 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 2022 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 2022 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").

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.

Our conclusions based on this work:

- we consider that the directors' use the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

HERITAGE PORTFOLIO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE PORTFOLIO LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive scheme and performance targets for management, directors and sales staff
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue transactions are simple in nature.

We did not identify any additional fraud risks. We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

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

HERITAGE PORTFOLIO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE PORTFOLIO LIMITED (CONTINUED)

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

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

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

Strategic report 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 Companies Act 2006.

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 the 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.

HERITAGE PORTFOLIO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE PORTFOLIO LIMITED (CONTINUED)

Auditor's responsibilities

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

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

The 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.



Nicola Baldwin (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE
Date: 18.08.2023

HERITAGE PORTFOLIO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Turnover	4	10,091,646	2,418,074
Cost of sales		(8,153,038)	(2,563,509)
Gross profit/(loss)		1,938,608	(145,435)
Administrative expenses		(2,692,250)	(2,300,060)
Other operating income	5	-	64,553
Operating loss	6	(753,642)	(2,380,942)
Tax on loss	9	167,258	490,060
Loss for the financial year		(586,384)	(1,890,882)

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 28 form part of these financial statements.

HERITAGE PORTFOLIO LIMITED
REGISTERED NUMBER: SC234207

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	671,561	744,284
Investments	11	10,003	10,003
		<u>681,564</u>	<u>754,287</u>
Current assets			
Stocks	12	269,966	248,657
Debtors: amounts falling due within one year	13	3,690,359	1,915,725
Cash at bank and in hand		2,382,248	9,760,708
		<u>6,342,573</u>	<u>11,925,090</u>
Creditors: amounts falling due within one year	14	(10,868,317)	(15,937,173)
Net current liabilities		<u>(4,525,744)</u>	<u>(4,012,083)</u>
Total assets less current liabilities		<u>(3,844,180)</u>	<u>(3,257,796)</u>
Provisions for liabilities			
Other provisions	16	(213,848)	(213,848)
		<u>(213,848)</u>	<u>(213,848)</u>
Net liabilities		<u><u>(4,058,028)</u></u>	<u><u>(3,471,644)</u></u>
Capital and reserves			
Called up share capital	17	20,000	20,000
Profit and loss account		(4,078,028)	(3,491,644)
		<u><u>(4,058,028)</u></u>	<u><u>(3,471,644)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14th August 2023.



Jean Renton
Director

The notes on pages 13 to 28 form part of these financial statements.

HERITAGE PORTFOLIO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2020	20,000	(1,600,762)	(1,580,762)
Loss for the year	-	(1,890,882)	(1,890,882)
At 1 September 2021	20,000	(3,491,644)	(3,471,644)
Loss for the year	-	(586,384)	(586,384)
At 31 August 2022	20,000	(4,078,028)	(4,058,028)

The notes on pages 13 to 28 form part of these financial statements.

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

Heritage Portfolio Limited is a private limited company limited by shares and it is incorporated, domiciled and registered in the United Kingdom. The address of its registered office is 49 North Fort Street, Leith, Edinburgh, EH6 4HJ. 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 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 20. 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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 forms part of the Sodexo UK and Ireland group of companies, together the "UK&I Group", which is part of the wider Sodexo Group headed by Sodexo S.A. The principal activity of the UK&I Group is to provide facilities management and catering services across the UK and Ireland, operating across various segments such as education, sports and leisure, corporate services, government and healthcare.

The company meets its day to day working capital requirements from operational cash flows, cash pooling and intercompany loan arrangements within the UK&I Group.

The UK&I Group has remained resilient throughout the adverse changes in the economic environment as a result of tight management of cash and balance sheet, and strong retention of existing contracts, alongside the spread of business across food and facilities management services, and across public and private sector clients as well as the strong inflation management processes in place. In addition, the UK&I Group continues to see opportunities for organic growth with new contracts in the pipeline. However, we remain prepared for further macro-economic impacts with agility, good commercial management, and careful cost control continuing to be critical.

To inform the basis of preparation of these accounts, the directors have considered cash and profit forecasts for forward trade over the next 12 months of the UK&I Group, based on the facts we have now. These forecasts include a severe but plausible downside scenario which models a deterioration in gross margin as a result of operational performance, a downturn in revenues due to contracts of key clients not being renewed and the under recovery of inflation. The forecasts indicate that the UK&I Group will continue to be resilient in the current macro-economic environment. Routine peaks in cash requirements during the trading cycle will be funded from an overdraft facility with the parent company, Sodexo S.A., if necessary. In a worst-case scenario, the Company could draw upon additional funding from its ultimate parent company to enable it to meet its liabilities as they fall due during the 12 month period from the signing of these accounts.

Sodexo S.A., which currently has a strong credit rating of Baa1 from Moody's Investors Service, has indicated its intention, by a letter of support, to continue to make available such funds as are needed by the company during the going concern assessment period. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

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 profit or loss 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.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.6 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 reporting 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 reporting date.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.9 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 profit or loss.

2.10 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 reporting 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 reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 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 reporting 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of Financial Position.

2.16 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 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.16 Financial instruments (continued)

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

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.

We do not consider there to be any estimates or underlying assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. Turnover

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

	2022 £	2021 £
Provision of catering services	10,091,646	2,418,074
	<u>10,091,646</u>	<u>2,418,074</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	10,091,646	2,418,074
	<u>10,091,646</u>	<u>2,418,074</u>

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	64,553
	<u>-</u>	<u>64,553</u>

During the previous year, the Company accessed the UK Government's Coronavirus Job Retention Scheme. Government grants receivable represent the reimbursement of the wages of certain employees who had been furloughed but were kept on the payroll.

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	325,338	346,313
Defined contribution pension cost	62,005	29,647
Government grants	-	(64,553)

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	21,107	15,020

No fees were payable to the Company's auditor in respect of non-audit services for the year ended 31 August 2022 (2021: £nil).

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	3,528,698	1,367,045
Social security costs	317,003	124,787
Cost of defined contribution scheme	62,005	29,647
	<u>3,907,706</u>	<u>1,521,479</u>

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

	2022 No.	2021 No.
Management and administration	19	28
Catering	358	101
	<u>377</u>	<u>129</u>

The directors of this Company are also directors of other companies within the Sodexo S.A Group and accordingly the cost of their remuneration has been fully incurred by another entity within the Group. £5,542 of the total emoluments and defined contribution cost has been allocated to this Company on the basis of their services as directors of each group Company.

HERITAGE PORTFOLIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(207,843)	(386,814)
Adjustments in respect of previous periods	(1,291)	(15,661)
	<u>(209,134)</u>	<u>(402,475)</u>
Total current tax	<u>(209,134)</u>	<u>(402,475)</u>
Deferred tax		
Origination and reversal of timing differences	63,225	(62,810)
Impact of rate change	(18,340)	(27,420)
Adjustments in respect of previous years	(3,009)	2,645
Total deferred tax	<u>41,876</u>	<u>(87,585)</u>
Taxation on loss on ordinary activities	<u>(167,258)</u>	<u>(490,060)</u>

Factors affecting tax charge for the year

The total tax credit (2021: credit) is higher (2021: higher) than the standard (2021: standard) rate of corporation tax of 19% (2021: 19%).

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(753,642)</u>	<u>(2,380,942)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(143,192)	(452,379)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	46,422	2,755
Impact of rate change on deferred tax balances	(18,340)	(27,420)
Adjustments to tax charge in respect of prior periods	(4,300)	(13,016)
Enhanced tax relief	(47,848)	-
Total tax charge for the year	<u>(167,258)</u>	<u>(490,060)</u>

HERITAGE PORTFOLIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

9. Taxation (continued)

Factors that may affect future tax charges

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.

It was announced in the 3 March 2022 Budget that the UK corporation tax rate will increase to 25% from 1 April 2023. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 August 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2021: 19%).

10. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 September 2021	384,906	2,054,232	2,439,138
Additions	9,333	246,005	255,338
Disposals	-	(2,815)	(2,815)
At 31 August 2022	<u>394,239</u>	<u>2,297,422</u>	<u>2,691,661</u>
Depreciation			
At 1 September 2021	219,498	1,475,356	1,694,854
Charge for the year on owned assets	60,787	264,551	325,338
Disposals	-	(92)	(92)
At 31 August 2022	<u>280,285</u>	<u>1,739,815</u>	<u>2,020,100</u>
Net book value			
At 31 August 2022	<u><u>113,954</u></u>	<u><u>557,607</u></u>	<u><u>671,561</u></u>
At 31 August 2021	<u><u>165,408</u></u>	<u><u>578,876</u></u>	<u><u>744,284</u></u>

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10. Tangible fixed assets (continued)

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

	2022 £	2021 £
Short leasehold	113,954	165,408
	<u>113,954</u>	<u>165,408</u>

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2021	10,003
At 31 August 2022	<u>10,003</u>
Net book value	
At 31 August 2022	<u>10,003</u>
At 31 August 2021	<u>10,003</u>

HERITAGE PORTFOLIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

11. Fixed asset investments (continued)**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.

Portfolio Catering Limited and Heritage Hospitality (Scotland) Limited were both dissolved by voluntary strike-off on 27 September 2022.

12. Stocks

	2022 £	2021 £
Raw materials and consumables	269,966	248,657
	269,966	248,657

Stock recognised in cost of sales during the year as an expense was £3,101,901 (2021 - £781,000). No stock was written off during the period.

13. Debtors

	2022 £	2021 £
Trade debtors	1,189,336	238,000
Amounts owed by group undertakings	2,215,429	1,408,521
Prepayments and accrued income	93,258	34,992
Deferred taxation	192,336	234,212
	3,690,359	1,915,725

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

13. Debtors (continued)

No interest is receivable on amounts owed by group undertakings. Amounts owed are receivable on demand.

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	969,058	716,419
Amounts owed to group undertakings	7,636,789	13,451,334
Other taxation and social security	683,328	529,915
Other creditors	657,581	425,776
Accruals and deferred income	921,561	813,729
	<u>10,868,317</u>	<u>15,937,173</u>

No interest is payable on amounts owed by group undertakings. Amounts owed are payable on demand.

15. Deferred taxation

	2022 £
At beginning of year	234,212
Charged to profit or loss	(41,876)
At end of year	<u>192,336</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	107,084	114,250
Short-term timing differences	85,252	119,962
	<u>192,336</u>	<u>234,212</u>

HERITAGE PORTFOLIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

16. Provisions

	Dilapidation Provision £
At 1 September 2021	213,848
At 31 August 2022	213,848

The dilapidation provision represents amounts needed to restore properties to their original condition where the lease requires. Dilapidation provisions are expected to be utilised over the remaining period of the associated lease.

17. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
20,000 (2021 - 20,000) Ordinary shares of £1.00 each	20,000	20,000

18. 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 £62,005 (2021 - £29,647).

19. Operating leases

At 31 August 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	18,326	80,212
Later than 1 year and not later than 5 years	-	7,397
	18,326	87,609

HERITAGE PORTFOLIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

20. Controlling party

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

The Company's ultimate parent company and controlling party is Sodexo S.A, a company incorporated in France. This is the smallest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from The Secretary, Sodexo, 225 Quai de la Bataille de Stalingad, 92866 Issy-Les-Moulineaux, France.