Company Registration No: 01576522

POURSHINS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

POURSHINS LIMITED

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POURSHINS LIMITED

COMPANY INFORMATION

DIRECTORS

M Turner
S Nair
T Nederhand
N van den Berg

SECRETARY

B Thomas

COMPANY NUMBER

01576522

REGISTERED OFFICE

Ash House
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Ashford
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TW15 1TZ

INDEPENDENT AUDITORS

Ernst & Young LLP
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BANKERS

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Sweden

The directors present their strategic report for Pourshins Limited (Company Registration No. 01576522) for the year ended 31 December 2019.

Review of the business

The results for the year ended 31 December 2019 were in line with Directors' expectations. Turnover in the year increased by £24k compared to 2018.

The Company's profit for the financial year was £1,695k (2018: £1,882k). The profit margin remained broadly in line 1.4% (2018: 1.5%).

The statement of financial position reported net assets amounting to £7,247k (2018: £7,552k).

Future Developments

The Directors remain confident that the Company will maintain its position in the market. 2020 and 2021 to date has been a difficult period due to the unprecedented pandemic caused by COVID-19 and its significant impact on the Company's financials. The Directors have assessed the impact caused by the pandemic and have implemented strategies to reduce costs and also to ensure the Company is well positioned for future operations once the flights and passenger numbers start returning to normal levels. It is likely there will be a level of market uncertainty for the foreseeable future, however, the company together with the gategroup Group, are well placed to navigate these uncertain market conditions.

In 2022, we will reshape the size of the business to reflect the expiration of an existing large customer contract which is ending in March 2022.

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding by relevant external parties of the development, performance or position of the business further to the information included in this report and the financial information and notes contained in the body of these financial statements.

Principal Risks and Uncertainties

The business and the execution of the Company's strategy are subject to a number of risks. The key uncontrollable business risks that could affect the Company include disruption to the operations of major customers as a result of factors such as weather, natural disasters and terrorist threats.

Brexit

The UK departed from the EU on 31 January 2020 and the Directors continue to monitor the impact of Brexit on the Company. The Directors have considered several scenarios that could arise and continue to actively manage these to limit the exposure of the Company to the possible risks due to Brexit.

COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. This virus has spread worldwide and on 11 March 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic.

The emergence of COVID-19 outbreak has caused severe disruptions in the UK and global economy. The magnitude and duration of these disruptions are yet unknown and uncertain. Many countries, including the UK, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

Whilst the pandemic has not yet ended, its most significant impact has been during the year 2020 and early 2021. In 2020, our like for like volumes were significantly down at 29% of 2019 levels. We are closely monitoring the potential impact of COVID-19 on our financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business. Our top priority remains the health and safety of our staff and customers.

Principal risks and uncertainties – continued

COVID-19 - continued
We expect the most significant potential impact on our financial results and cashflows resulting from COVID-19 to be in relation to when customers will resume flights and the number of passengers that will be travelling. It is likely there will be a level of market uncertainty for the foreseeable future, however, the Company together with gategroup Group, are well placed to navigate this unchartered market condition.

Based on the information provided by the Government, the HSE, the WHO and also available publicly, we have been taking a number of measures to ensure operations adhere to current HSE guidelines. Further to this, we have also taken steps to minimise financial exposure which are detailed in Note 1.3 of the financial statements on page 14.

Other risks
The Board regularly reviews the financial requirements of the Company and the risks associated therewith in order to limit the adverse effects on the financial performance of the Company. The Company does not use complicated financial instruments and operations are self-financed. The Company has financial instruments such as trade debtors, trade creditors, accruals that directly arise from the Company's operations. The Company takes the following approach to financial risk:

- the Company is at risk from customers failing to pay for goods and services provided. All potential new customers have their credit assessed and regular consideration is given to the credit ratings of existing customers.

- the Company actively manages financing that is designed to ensure there are available funds for operations, therefore the company has limited exposure to liquidity and interest risk.

- the Company has appropriate contracts in place to minimise exposure to price risk.

The risks are managed by having appropriate controls and systems in place. The Company's directors and key management evaluate these risks on an ongoing basis to ensure there is no significant exposure.

Section 172 Companies Act 2006

The report below sets out how the Directors have complied with the requirements of S172 Companies Act 2006.

Environment

Climate change, and the ecological challenges it presents, is something we need to address in order to safeguard our planet for generations to come.

Together with the Airline Catering Association, we are working with several trade bodies to understand the effect of inflight catering on the environment and the clear opportunities where we can make an impact. We also work closely with our airline customers and partners on a range of sustainable initiatives to become more sustainable.

As part of gategroup green revolution sustainability, we have undertaken analysis to review our Sustainability program and created a new framework, now focusing on People, Products and Environment. We have listened to all our stakeholders and the new framework encapsulates their objectives and allows gategroup to position itself in a more effective and dedicated way through our focus on three key dimensions:

Our People: We want to offer a healthy, inclusive and safe workplace that fosters well-being and development that results in high employee attraction and retention.

Environment - continued

Our Products: We want to provide pure, healthy, and sustainable food choices through culinary innovation and supply chain collaboration. This translates into our ambitions for healthy food options, sustainable sourcing, weight reduction and environmentally conscious equipment solutions.

Our Environment: We aim to minimise waste and food spillage, reduce our carbon footprint through innovation in production, product design and green technologies, taking an end-to-end approach.

Employees

Our people are key to our business. We want to attract and retain talent to ensure we have the required resources and skillsets to successfully implement our strategy.

Our leaders are engaged in the training of our employees at all levels and act as mentors and coaches. In all our areas, employees are offered a wide range of development opportunities to train required skills and enable career progression opportunities.

Consultation with employees or their representatives has continued at all levels throughout 2019, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

The Company regularly communicates to its employees through presentation, internal group wide emails and newsletters. There is a clear open channel of communication where employees can voice their concerns with any other colleagues at all levels within the group.

Customers

Customers are at the heart of our business. We work collaboratively with our customers and listen to their needs.

We communicate regularly via customer meetings, emails, and share our relevant strategy and opportunities with our customers. Our commercial relationship managers are in day to day contact with our customers to ensure smooth delivery of our services against contractual obligation. Key issues and feedback are communicated swiftly to the directors.

Suppliers

We work with range of suppliers and have built a strong and trusted relationships with them over the years. We greatly value their services and aim to conduct business with integrity and expect the same from them.

We constantly engage with our suppliers and communicate our needs via various communication channels. Suppliers are kept updated on the future plans.

We continually perform due diligence on suppliers to ensure that we work with ones who respect our values and comply with relevant legislation.

Governance

The Company follows corporate governance codes to ensure business adheres to all ethical standards. There is a clear 'Code of Conduct' governed by gategroup which is followed by the Company. Any future plans of the business are vetted against the 'Code of Conduct'.

On behalf of the Board:

S Nair
Director
30 September 2021

The directors present their report and audited financial statements for Pourshins Limited for the year ended 31 December 2019.

Principal activities

Pourshins Limited ("Pourshins") provides Business Process Outsourcing (BPO) and Fourth Party Logistics (4PL) services and solutions to the international travel market. The customers are airlines, airline caterers, warehouse providers, brokers, food, beverage and equipment manufacturers.

Results and dividends

The results for the year are set out on page 11.

The directors recommend a final dividend on the ordinary shares amounting to £2,000k (2018: £3,000k).

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and its principal risks including the impact of COVID-19 are described in the previous paragraphs of this report and in the strategic report on pages 2-4.

The impact of the COVID-19 pandemic during 2020 has increased uncertainty surrounding the future trading environment of the Company. Trading for the year 2020 and the year 2021 to date has been adversely impacted compared to the Directors' original expectation of the performance. To support their assessment of going concern, the Directors have prepared a comprehensive risk assessment and conducted a detailed going concern review, considering the liquidity position of the business.

The Directors are relying on a letter of support from the ultimate parent company, gategroup Holding AG, in order to continue as a going concern. This support letter also commits to not terminating the cash pooling arrangements in place and is for an amount up to £10m including the cash deposit of £3.8m with the group as noted below. Following the review, details of which can be found within Note 1.3 of the financial statements 'Going concern' on page 14, the Directors consider that the Company has adequate resources in place to continue operating for the foreseeable future. In doing so, they have also assessed that the Company has considerable financial resources, including cash on deposit with the gategroup Financial Services S.à.r.l., amounting to £3.8m as at 31 August 2021 which, as part of the same group, the Company has access to under the letter of support. Taking this into consideration, the Directors have a reasonable expectation that the Company will have sufficient funds to meet its liabilities as they fall due for 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Strategic report

In accordance with Section 414C(11) of the Companies Act 2006, the principal risks, uncertainties and future developments of the company are contained within the strategic report on pages 2-4.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M Turner (appointed on 1 January 2021)
S Nair (appointed on 13 November 2020)
T Nederhand (appointed on 1 May 2021)
N van den Berg (appointed on 1 May 2021)
T W Fountain (resigned on 31 December 2020)
S P Corr (resigned on 31 August 2020)
W H Human (resigned on 31 December 2020)

Qualifying third party indemnity provisions

During the course of the financial year and at the date of approval of the financial statements a qualifying third-party indemnity provision was in place for the directors.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 prepared the financial statements in accordance with statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Events since end of the financial year

These are detailed in Note 16 of the financial statements on page 26.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the Board:

S Nair
Director

30 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POURSHINS LIMITED

Opinion

We have audited the financial statements of Pourshins Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes1 to 17, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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.

Ernst & Young LLP

Kevin Harkin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

POURSHINS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Turnover	2	**124,539**	124,515
Cost of sales		**(105,555)**	(107,690)
Gross profit		**18,984**	16,825
Distribution costs		**(12,358)**	(10,352)
Administrative expenses		**(4,481)**	(4,292)
Operating profit		**2,145**	2,181
Interest payable and similar charges	3	**(40)**	(63)
Profit on ordinary activities before taxation	4	**2,105**	2,118
Tax on profit on ordinary activities	6	**(410)**	(236)
Profit for the financial year		**1,695**	1,882
Other comprehensive income		-	-
Total comprehensive income for the year		**1,695**	1,882

All results relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

POURSHINS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note		2019		2018
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7		-		223
					223
Current assets					
Stocks	8	9,290		8,367	
Debtors	9	17,165		16,452	
Cash at bank and in hand		1,022		161	
		27,477		24,980	
Creditors: amounts falling due within one year	11	(20,230)		(17,651)	
Net current assets			7,247		7,329
Total assets less current liabilities			7,247		7,552
Net assets			7,247		7,552
Capital and reserves					
Called up share capital	12		849		849
Share premium account	12		6		6
Capital redemption reserve	12		5		5
Profit and loss account	12		6,387		6,692
Total equity			7,247		7,552

The notes on pages 14 to 26 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by:

S Nair
Director

POURSHINS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2018	**849**	**6**	**5**	**7,810**	**8,670**
Profit for the financial year	-	-	-	1,882	1,882
Dividend (note 11)	-	-	-	(3,000)	(3,000)
Balance at 31 December 2018	**849**	**6**	**5**	**6,692**	**7,552**
Profit for the financial year	-	-	-	**1,695**	**1,695**
Dividend (note 11)	-	-	-	**(2,000)**	**(2,000)**
Balance at 31 December 2019	**849**	**6**	**5**	**6,387**	**7,247**

1. Accounting policies

1.1 Statement of compliance

Pourshins Limited ("the Company") is a limited liability company domiciled and incorporated in England. The address of the company's registered office and principal place of business is Ash House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

The Company's principal activities during the year were the provision of Business Process Outsourcing (BPO) and Fourth Party Logistics (4PL) services and solutions to the international travel market.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102"), as it applies to the financial statements of the company for the year ended 31 December 2019.

1.2 Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.3 Going concern

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section in the strategic report on pages 2-4. The financial statements are prepared on a going concern basis, which the Directors consider to be appropriate for the reasons outlined below.

The Directors have been provided a letter of support by gategroup Holding AG (the ultimate parent company), confirming they will make available to the Company appropriate funds to enable the Company to cover its non-variable and non-cancellable costs and expenses whilst the current business conditions persist, up to £10m including the cash deposit of £3.8m. Furthermore, the support letter states that the parent entity will not terminate the cash pooling arrangements. This support has been provided for a period of 12 months from the date of approval of the balance sheet.

The following relevant disclosures are made in the consolidated financial statements of gategroup Holding AG, as authorised for issue on 14 April 2021 and which are unqualified;

'The Group's financial restructuring became effective on March 29, 2021. This followed approval by the High Court of Justice, Business and Property Courts of England and Wales, of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Obtaining this approval had been a key element in the financial restructuring plan (the "Plan") designed to position the Group for a post-COVID-19 future.

The Court's order approving the Plan has been delivered to the UK Companies Registry, with the consequence that all parties to the Plan are committed to it. Under the Plan the Group's shareholders will make CHF 500m available to the business, although in part this will be to replace the Interim Liquidity Facility. The existing financing under the Senior Facilities Agreement (the "SFA"), being the EUR 250m Term Loan and EUR 415m Revolving Credit Facility, have had their maturities extended until October 20, 2026, and the CHF 350m 3.0% bonds due 2022 (the "Bonds") have a revised maturity of February 28, 2027.

1. Accounting policies (continued)

1.3 Going concern (continued)

Going Concern – Key Terms of the Re-financing
The shareholders, through their affiliates, will make CHF 500m of new funding available in the form of a CHF 25m subscription for equity in gategroup Holding AG and CHF 475m of subordinated convertible loans. The convertible loans will mature on March 31, 2027, and will accrue non-cash (profit in kind) interest at a rate of 12.5% per annum. The loans will be guaranteed by each borrower and guarantor under the SFA but will be fully subordinated to the claims of both the lenders under the SFA and holders of the Bonds issued by gategroup Finance (Luxembourg) S.A. and guaranteed by the Company. The proceeds of the new money injection will replace the CHF 200m Interim Liquidity Facility by way of a cashless rollover.

The maturity of the Group's facilities under the SFA have been extended by 5 years to October 20, 2026. The interest rate applicable to loans outstanding under the SFA will remain unchanged (although certain margin step-up provisions will no longer apply) and subject to certain conditions, the Company may elect to capitalize all or part of the interest.

The maturity of the Bonds are extended by 5 years to February 28, 2027, and the rights of Bondholders on a change of control event, if it is upon Temasek and/or any of its affiliates acquiring more than 50.0% of the shares or voting rights in the Company, are waived. No changes will be made to the interest rate under the Bonds and interest will continue to be payable in cash. The Company has remained in compliance with its financial covenants, these being monitored on an on-going basis.
The provision of the new funding by the shareholders, the amendments to the SFA and the amendments to the Bonds were all inter-conditional.

In addition to the terms of the Plan and the levels of cash and cash equivalents available to the business, the ability of the Group to continue as a going concern continues to be affected by the significant uncertainty surrounding the extent and duration of the COVID-19 pandemic. The pandemic has resulted in a significant reduction of revenue and operating cashflows and it is currently not possible to predict the rate at which the business will return to historic levels of activity.

Based on there being a binding commitment to the Group's financial restructuring, with the Plan becoming effective on March 29, 2021, and completed in April 2021, the current financial projections indicate that there are anticipated to be adequate resources available to allow the business to continue in operational existence for at least 12 months from the date of the authorization of these consolidated financial statements. As such, these consolidated financial statements have been prepared on a going concern basis.'

In the UK, the Directors have implemented the following measures to conserve cash and to strengthen the liquidity position of the business following the onset of COVID-19 in March 2020:

- Completed a major restructuring programme which involved re-sizing both management and staff headcounts to fit the size of the remaining business. Unfortunately, this resulted in a headcount reduction of 19%.
- Implemented reduced working hours and asked management/indirect labour staff to take temporary pay cuts.
- Applied and implemented governmental subsidies, such as the Furlough scheme.

1. Accounting policies (continued)

1.3 Going concern (continued)

As part of the going concern assessment and due to the COVID-19 impact, the Directors have prepared a detailed revised projection covering a period of 12 months from the date of approval of financial statements. The Directors have analysed two possible scenarios. The first one, a complete shutdown of the business for the next 12 months and the second scenario with volumes at 65% of 2019 levels in 2021 increasing to 90% in 2022. In both scenarios, the Company will have sufficient liquidity to meet its financial obligation.

1.4 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of gategroup Holding AG, which is incorporated in Switzerland. The consolidated financial statements of gategroup Holding AG are available on the group's webpage.

1.5 Functional and presentational currency

The financial statements are presented in sterling which is also the functional currency of the Company.

1.6 Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.7 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is measured at the fair value of the consideration received or receivable. Revenue arising from the sale of goods is recognised when the entity transfers the risks and rewards of ownership and collectability of the related receivable is reasonably assured. Revenue arising from services rendered is recognised in the period in which the services are rendered.

1. Accounting policies (continued)

1.7 Turnover (continued)

The company accrues expected amounts due under rebate agreements and these are recognised against turnover.

1.8 Intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

IT software	over 5 years

1.9 Tangible fixed assets

Tangible fixed assets are initially measured at historical cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Leasehold improvements	over 10 years
Plant, machinery and fixtures	between 5 and 10 years
Computer equipment	between 3 and 4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

1.10 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

1.11 Stocks

Stock is stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stock. Stock comprises principally goods held for resale.

1. Accounting policies (continued)

1.12 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The amount charged to profit or loss for defined contribution schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1. Accounting policies (continued)

1.15 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive in income.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1. Accounting policies (continued)

1.16 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

The provision for bad debt requires assessment of the recoverability of trade debtors which involves estimation as to the financial condition of customers and their ability to subsequently make payments.

2. Turnover

An analysis of the Company's turnover by geographical region is as follows:

	2019	2018
	£'000	£'000
Continuing operations:		
United Kingdom	40,442	41,056
Rest of Europe	84,097	83,459
	124,539	124,515

The total turnover of the company for the year has been derived entirely from its principal activity which is considered to be the sole class of business.

3. Interest payable and similar charges

	2019 £'000	2018 £'000
Interest arising on:		
Bank loans and overdrafts	16	41
Group interest and similar charges	24	22
	40	63

4. Profit on ordinary activities before taxation

	2019 £'000	2018 £'000
The profit on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets (note 7)	223	223
Depreciation of tangible fixed assets		-
Stock – amounts expensed to cost of sales	105,555	107,690
Operating lease rentals		-
Auditors' remuneration:		
- Statutory audit	36	36

5. Employees and directors

	2019 No.	2018 No.
The average monthly number of persons (including directors) employed by the Company during the year amounted to:		
Sales and operational	48	48
Administration and finance	6	7
	54	55

	2019 £'000	2018 £'000
Staff costs for the above persons:		
Wages and salaries	2,389	2,532
Social security costs	201	235
Other pension costs (note 13)	56	57
	2,646	2,824

Included in the above are employee costs of £859k (2018: £1,000k) recharged to another group company.

5. Employees and directors (continued)

Directors' remuneration

All of the directors received emoluments from other group companies and their emoluments are included in the financial statements of those companies. The directors are directors of a number of gategroup Holding AG group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. Accordingly, the staff costs include only costs which are directly borne by or recharged to the company in relation to these payments to the directors.

There were no directors for whom retirement benefits are accruing under money purchase pension schemes (2018: 0).

6. Tax

a) Tax on profit on ordinary activities

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	**426**	325
Total current tax	**426**	325
Deferred tax:		
Origination and reversal of timing differences	(16)	(89)
Total deferred tax	**(16)**	(89)
Total tax on profit on ordinary activities	410	236

b) Factors affecting current tax charge for the year.

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK (19.25%). The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	2,105	2,118
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2018: 19%)	400	402
Effects of:		
Accelerated capital allowances	20	18
Adjustments in respect of prior periods	(11)	(100)
Other	1	(84)
Tax on profit on ordinary activities	410	236

In the Budget on 4 March 2021, the Government announced an increase in the main rate of Corporation Tax to 25% effective from 1 April 2023. This new law was substantively enacted on 24 May 2021. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

7. Intangible assets

	IT software £'000
Cost:	
At 1 January 2019 and 31 December 2019	1,116
Accumulated amortisation:	
1 January 2019	893
Charge for the year	223
31 December 2019	1,116
Net book value:	
31 December 2019	**-**
1 January 2019	223

8. Stocks

	2019 £'000	2018 £'000
Finished goods and goods for resale	**9,290**	8,367

9. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	**5,759**	5,310
Amounts owed by group undertakings	**9,511**	9,517
Other debtors	**557**	235
Deferred tax	**98**	82
Prepayments and accrued income	**1,240**	1,308
	17,165	16,452

Amounts owed by group undertakings are payable on demand and are non-interest bearing, apart from short-term inter-company cash-pooling arrangements which incur an interest calculated as a daily base rate.

10. Creditors: Amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	**15,343**	12,486
Amounts owed to group undertaking	**1,373**	1,352
Other taxation and social security	**43**	49
Corporation tax	**234**	243
Accruals and deferred income	**3,237**	3,521
	20,230	17,651

Amounts owed to group undertakings are payable on demand and are non-interest bearing, apart from short-term inter-company loans which incur an interest calculated as a daily base rate.

11. Dividends and other appropriations

	2019	2018
	£'000	£'000
Declared and paid during the year		
Final dividend (35p per share)	**-**	3,000
Final dividend (23p per share)	**2,000**	-
	2,000	3,000

12. Share capital and reserves

Share capital	**2019** £'000	2018 £'000
Allotted, called up and fully paid:		
917,500 (2018: 917,500) 'A' ordinary shares of 10p each	92	92
7,220,000 (2018: 7,220,000) 'B' ordinary shares of EURO 15 cents each	722	722
	814	814
Allotted, called up, but not fully paid:		
350,000 (2018: 350,000) 'A' ordinary shares of 10p each	35	35
	849	849

Ordinary share rights
The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Each 'B' ordinary share of EURO 15 cent has the same rights, privileges and restrictions as each 'A' ordinary share of 10p each to the intent that each 'A' ordinary share and each 'B' ordinary share shall rank equally in all respects notwithstanding any change in exchange rates between Sterling and the EURO or any other factor. The exchange rate at the time of issuance of each 'B' share was € 1.5 to £1.

12. Share capital and reserves (continued)

Reserves

Reserves of the Company represent the following:

Share premium account
Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period.

Share-based payment reserve
The cumulative share-based payment expense.

Profit and loss account
Cumulative profit and loss net of distributions to owners.

13. Retirement benefits

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions payable by the Company charged to profit or loss amounted to:

	2019	2018
	£'000	£'000
Contributions payable by the company for the year	**56**	57

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

14. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

15. Contingent liabilities

On 26 March 2015, gategroup Holding AG entered into a €240.0m multicurrency Revolving Credit Facility ('RCF'). On 16 March 2016, the RCF increased by €110.0m to €350.0m and on 30 November 2018, by an additional €65.0m to €415.0m. As of 31 December 2020, the Group utilised RCF drawings of €453.2m. The RCF matures on 20 October 2026. The Term Loan and RCF are guaranteed by gategroup Holding AG and certain of its subsidiaries including Pourshins Limited.

16. Events since end of the financial year

COVID-19
The COVID-19 pandemic, which is detailed in the 'Principal Risks and Uncertainties' section in the strategic report on page 2-4, developed rapidly in 2020 and has caused severe disruptions worldwide. The most significant impact of the pandemic has been in our operations in the year 2020 and 2021 to date. The Directors have implemented various strategies, details of which can be found within Note 1.3 of the financial statements 'Going concern' on page 14, to conserve cash and strengthen the liquidity position of the business. The Directors note that as at 31 December 2019 no pandemic had been declared and as a result COVID-19 has been treated as a non-adjusting event.

Financial restructuring
The ultimate parent company gategroup Holding AG together with its subsidiaries (the "Group") went through a financial restructuring which became effective on 29 March 2021. This followed approval by the High Court of Justice, Business and Property Courts of England and Wales, of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Obtaining this approval had been a key element in the financial restructuring plan (the "Plan") designed to position the Group for a post-COVID-19 future.

The Court's order approving the Plan has been delivered to the UK Companies Registry, with the consequence that all parties to the Plan are committed to it. Under the Plan the Group's shareholders will make CHF 500m available to the business, although in part this will be to replace the Interim Liquidity Facility. Pourshins Limited has provided a guarantee along with other group entities for the above refinancing. The Directors consider this as a non-adjusting event.

17. Parent and ultimate parent undertaking

The Directors regard the Company's ultimate parent Company and controlling party at 31 December 2019 to be gategroup Holding AG, incorporated in Switzerland.

The smallest and largest group in which the results of the company for the year ended 31 December 2019 were consolidated was that headed by gategroup Holding AG. Copies of the group financial statements may be obtained from the group's webpage.

The immediate parent Company is Gate Gourmet Luxembourg IV S.a.r.l., which is incorporated in Luxembourg.