

SELECT SERVICE PARTNER UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020



SELECT SERVICE PARTNER UK LIMITED

COMPANY INFORMATION

Directors

M E Collins
J O Davies
S Smith
N S Campbell
R Lewis (Appointed 1 November 2019)
R A Worrell (Appointed 1 November 2019)

Secretary

H Byrne

Company number

05687183

Registered office

Jamestown Wharf
32 Jamestown Road
London
NW1 7HW

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Natwest Bank Plc
250 Bishopgate
London
EC2M 4AA

SELECT SERVICE PARTNER UK LIMITED

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SELECT SERVICE PARTNER UK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

The directors present the strategic report and financial statements for the period ended 30 September 2020.

Principal activities and operations

The company is a wholly owned subsidiary of SSP Financing UK Limited, which itself is a wholly owned subsidiary within the SSP Group ("SSP Group" or "the Group"). The Group is headed by SSP Group plc and comprises subsidiaries and associates operating a range of catering and retail concession businesses in the UK, Continental Europe, the Middle East, Asia and North and South America.

The company is a leading operator of food and beverage travel concession businesses, principally operating catering and retail outlets in airports, railway stations and shopping centres across the UK. The company operates well known SSP owned brands such as Cafe Ritazza, Upper Crust, Whistlestop and Millies Cookies, and a number of key franchised brands including M&S Simply Food, Starbucks and Burger King.

Business Review

The business review describes the main trends and factors underlying the performance of the company during the 53 weeks ended 30 September 2020, as well as those factors affecting its future development.

Businesses and segments

Approximately 61% (2019: 63%) of the company's sales were generated from concessions at railway stations, 30% (2019: 33%) from concessions at airports with the balance being generated from sales at shopping centres, leisure parks and hospitals. These sales derive principally from one activity, being the operation of catering and retail travel concession businesses within the UK.

The company tests assets for impairment when impairment triggers are identified. The economic impact of Covid-19 has been identified as a specific trigger for impairment, resulting in impairment charges of £5.8m to property, plant and equipment and £14.7m to right-of use assets.

Principal risks and uncertainties

The directors recognise that the degree of exposure to certain risks, and the company's ability to manage these risks effectively, will influence how successful the business is. They therefore review the risks associated with the key parts of the business, and have established internal control systems that are designed to identify those risks that may restrict or seriously impact the ability of the company to carry on its operations.

The company is part of the UK and Ireland division of SSP Group. The directors of SSP Group plc manage the Group's overall risk management strategy at a Group level, rather than on an individual company level. For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of this company. The principal risks and uncertainties of SSP Group plc which include those of the company are included in the strategic report section on pages 33 to 43, and in note 29 to the consolidated financial statements on pages 142 to 146, of the Group's annual report and accounts which do not form part of this report. The annual report and accounts of SSP Group plc are available to the public and may be obtained via the Investors section of the SSP website: www.foodtravelexperts.com. The directors of the company have, however, reviewed the risks that may restrict or seriously impact the ability of the company to carry on its activities.

SELECT SERVICE PARTNER UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

The key risk affecting the company is as follows:

Financing Risk

As a guarantor of SSP Group's borrowing facilities, the company is exposed to liquidity, currency and interest rate risk associated with the Group's third party debt. These risks are managed by SSP Group's treasury function as part of SSP Group's overall risk management strategy.

Coronavirus

The operations of the company and its financial situation have been materially impacted by the Covid-19 pandemic since the spread of the virus to the UK in March 2020. The company temporarily closed a significant part of its operations as a consequence of the "lockdown" instituted in the UK and the restrictions on travel that were introduced around the same time, and subsequently reopened some units when travel restrictions and local lockdown rules allowed. The company has also taken a number of actions to keep costs to a minimum in line with the sharp decline in business activity and sales. Government actions, such as allowing businesses to furlough employees and obtain support through, for example, the Job Retention Scheme have helped to improve the situation. Nevertheless, if the exit from the latest "lockdown" and the opening up of the travel market includes a significant delay in restarting a significant part of the operations of the company, it will be dependent on the level of funds available from parent companies within the SSP Group – see note 1 to the financial statements.

Brexit

Brexit may have an adverse impact on the wider economic environment in the UK and elsewhere, resulting in weaker consumer spending in the travel food and beverage markets.

Performance

The successful delivery of the company's business strategy relies on meeting the needs of both customers and clients. For this reason the directors pay close attention to ensuring that the company meets its overriding aim of providing a great customer experience by monitoring a range of key performance indicators (KPIs) and business/operational risks.

The growth strategy and achievement of financial targets relies on the delivery of a combination of organic sales growth, new business growth and efficiency savings.

The key management team of the UK and Ireland division of SSP Group, led by the division's chief executive (CEO), reviews detailed weekly and monthly information covering a range of financial and non-financial indicators, and monitors progress on key strategic projects and business development initiatives. Performance against independent market share and passenger information is also reviewed wherever available.

A formal review of each operating segment of the company against its KPIs is held every month by the CEO together with the Finance and Operations Directors.

Key performance indicators	IAS 17 2020	IFRS16 Adjustments	IFRS16 2020	2019
	£'000	£'000	£'000	£'000
Sales	360,392	-	360,392	725,020
Sales growth	-50.3%	-	-50.3%	4.6%
Same store like-for-like sales growth	-14.3%	-	-14.3%	1.8%
EBITDA	(12,830)	(6,967)	(19,797)	104,048
Operating (Loss)/Profit	(33,412)	(6,967)	(40,379)	89,690
Operating profit margin	-9.3%	-1.9%	-11.2%	12.4%
Capital expenditure on fixed assets	18,261	-	18,261	19,474

IFRS 16 'Leases'

The Company adopted IFRS 16 'Leases' with effect from 26 September 2019 using the modified retrospective approach to transition. The new standard requires that the company's leased assets are recorded as right-of-use assets together with their corresponding lease liabilities. Adoption of the new standard has had a material impact on the Group's financial statements which has been highlighted above and within the notes to the accounts.

SELECT SERVICE PARTNER UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Revenue

Sales decreased by 50.3%. Sales in the half year ending March 2020 were ahead of the comparative prior period, but the second half of the year was severely impacted by Covid-19. This was due to the closure of most of SSP's units following the first lockdown in April 2020. Since this time over 80% of the units have remained temporarily closed.

Operating (loss)/profit

The operating loss was £40.4m for the period, in comparison to an operating profit of £89.7m last period. The operating margin declined to -11.2% (2019: 12.4%). In order to reduce costs in the second half of the year, rent negotiations were entered into with all landlords, the government furlough support scheme was accessed and support grants were utilised and cost reductions were made across all major expenditure items.

Capital expenditure

There was a high level of expenditure in the first half of the year, but post the virus emerging capital expenditure was limited to essential spend only and committed capital projects where obligations could not be renegotiated.

Objectives and strategy

The company's strategy has been focused on creating long term sustainable value for SSP Group plc's shareholders. However, given the unprecedented impact of Covid-19, the key objective in the second half of the year was to protect the business by reducing operating costs and minimising cash usage, whilst the parent companies raised additional liquidity.

In the medium term the company's strategy has been adapted to lead to a sustained recovery.

Rebound

This phase will focus on re-opening units profitably and safely, simplifying our business and optimising performance. With reduced sales volumes range, trading hours and service will be adapted for the post lockdown easing of restrictions in the trading environment.

Retune

This phase will focus on ensuring that penetration and like-for-like (LFL) sales are maximised as demand begins to return. This will be done by ensuring that we match staffing levels to demand through the use of our labour scheduling tool, driving digital adoption through our pay at table app, and digital screens and add sales through our partnership with Deliveroo on brands such as Burger King and Millie's Cookies. We expect to use customer and client insight data to improve penetration, and to optimise the brand portfolio for the travel market.

Invest to grow

At the same time as going through the above phases, the company will continue to invest in the existing portfolio to maximise space and category penetration by location. In addition, we will identify and invest in new brands and space where returns can be optimised. We expect to have opportunities to trade units vacated by competitors, and these opportunities where commercially viable will be explored.

Developing our people and culture

We will be consolidating the work on the new vision and values and embedding these into the company culture. We will be rolling out new customer service training for all frontline staff. A new annual engagement survey will be launched in 2021.

Corporate Responsibility

Having taken the opportunity to engage with our stakeholders during the COVID-19 crisis to understand how their priorities have changed, we are even more committed to our CSR agenda. Health and well-being, diversity and inclusion have become increasingly important in these challenging times along with sustainable packaging, food waste and responsible sourcing.

SELECT SERVICE PARTNER UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Market overview and future outlook

Given SSP's dependence on air travellers and commuter rail traffic, Covid-19 had a significant impact on results for 2020. As set out in the risks section on page 2, the impact includes major unit closures, reduced air and rail traffic and travellers. SSP has taken rapid and decisive action to protect colleagues and customers and to preserve cash and liquidity for the duration of the government's restrictions. We are however optimistic that following a successful UK vaccination programme, we will start to see recovery in the travel sector led by domestic demand and later by international travel demand.

In the medium to long term Rail traffic is anticipated to be impacted by changes to working patterns as a result of the pandemic. Home working for some portion of the work week is likely to become standard practice, reducing levels of commuters. In Air, strong demand is expected as restrictions to contain the spread of the virus ease, but recovery to normal market levels is anticipated to be several periods away by most commentators.

The market shock of COVID-19 has driven some of SSP's competitors to give up prime space and forced others into administration. The strength of the business model, our portfolio of long-term contracts and attractive brands, the quality of our people and ability to adapt leave SSP well placed to capitalize on the recovery.

Section 172 Statement

Each director considers that during the period under review, they have appropriately discharged their duties under the Companies Act, including their duty to act in a way which they considered, in good faith, was most likely to promote the success of the company for the benefit of its members as a whole, and in doing so they had regard (among other matters and as appropriate) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers, clients and others;
- d. the impact of the company's operations on the community and the environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

See the Corporate Governance section below for details of how the company has engaged with its stakeholders during the year.

The company is a wholly owned subsidiary of SSP Group plc, which is listed on the London Stock Exchange and subject to the 2018 UK Corporate Governance Code. The SSP Group plc section 172(1) statement can be found on page 11 of its annual report and accounts for the 2019/20 financial period. SSP Group's governance structure is such that Board of SSP Group plc and its committees have the decision-making authority for a number of reserved matters. These include setting the Group's strategy, purpose and values, and reviewing and approving the Group's policies and procedures, amongst others. The individual SSP subsidiaries are then responsible for adopting and implementing such matters in respect of their businesses.

The directors of the company confirm that they considered their duties under section 172 of the Companies Act in implementing such Group Board led decisions in the respect of the company. In particular, considering the need to maintain a reputation for high standards of business conduct and the likely consequences of decisions in the long term by ensuring effective and appropriate adoption of the Group strategy, policies and procedures.

The company is a leading operator of food and beverage travel concession businesses, principally operating catering and retail outlets in airports, railway stations and shopping centres across the UK. As the Covid-19 pandemic hit the primary focus of the directors of the company was managing relations with its clients, brand partners, suppliers and other partners to try and protect the business and its employees.

SELECT SERVICE PARTNER UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Section 172 statement (continued)

Examples of key decisions made by the Board of the company are set out below

Covid-19 strategy:

As the impact of Covid-19 became apparent, the directors and senior management of the company, along with the Group Board, recognised the need to take rapid and decisive action to protect the business in the short term. However, they were clear that, in order to protect the interests of the Group and its subsidiaries in the long term (and those of its Group's employees), and to foster business relationships with suppliers, clients and other partners, the Group needed to set a Covid-19 response strategy that not only dealt with immediate protective steps, but which also set out the steps to recovery and a return to the delivery of sustainable growth. In adapting and implementing the Group led Covid-19 strategy for the company, the Board of the company took account of what was appropriate for the UK business and its operations (taking care to consider the company's broader role within the communities in which it operates). This included working with the company's clients, brand partners, suppliers and other partners, to agree amended terms while units were closed and later, reviewing how the operating model could be amended to reduce costs.

Once adopted, the Board of the company continually reviewed its implementation of the Covid-19 strategy and adapted it as necessary as the company's circumstances changed, including as discussions with partners continued over the course of the year.

Redundancies:

On 1 July 2020, SSP Group plc announced plans to reorganise the group's UK business to reflect the low level of UK passenger demand, and closure of a substantial number of units in train stations and airports in the UK, resulting from the significant impact of the Covid-19 pandemic on the travel industry. This led to the start of a collective consultation resulting in c. 5,000 roles becoming redundant from within the group's UK based head office and UK operations and, as such, the company was impacted.

In making the difficult decision to approve the proposed redundancies in respect of the company's employees, the Board needed to balance the immediate interests of its employees (both those at risk and those remaining in the business) with the need to protect the business and to avoid further weakening the company's financial position in order to deliver long term sustainable growth for the benefit of all its stakeholders including its employees. The company showed its ability to look out for the interest of its employees as well as treating each individual fairly based on merit and ability.

Debt amendments:

In May 2020, SSP Financing Limited (the group's main financing company) agreed certain waivers and amendments to its financing arrangements, including a waiver of the July 2020 amortisation payment, an increase in interest payments and the temporary waiver of the six monthly net debt cover and interest cover covenant tests in favour of monthly liquidity and maximum net debt tests. As part of these arrangements, the company was asked to re-issue its guarantee of the financing documents. In considering whether this was in the best interests of the company, the Board looked to the short and long term benefit that the company would receive from having the amended financing arrangements in place, including the positive impact on employees and other stakeholders from the increased financial security provided by such amendments.

SELECT SERVICE PARTNER UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Section 172 statement (continued)

Office move:

The company moved its head office (and changed its registered office address on 1 May 2020) to Jamestown Wharf, 32 Jamestown Road, London NW1 7HW during April 2020. The move to the new office was part of the company's strategy to improve its head office space for the benefit of our colleagues (including those colleagues working for other group companies, who occupy some of the head office space). One of the aims of the move was to promote a move to a modern workplace way of working, allowing more flexibility in working arrangements. In doing so the Board actively considered the impact of the company on both the community and environment. An example of the environmental impact being considered within this move was the office being designed to reduce printing and improved facilities enabling more employees to either cycle or run to work thereby reducing carbon emissions. In approving the move, the Board considered all likely consequences on the long term success of the company and the impact on its stakeholders, in particular the interests of the company's head office employees. Further, the Board considered that the new office would serve to help foster the company's business relationships with suppliers, clients and other stakeholders.

Dividend:

In September 2020, the directors of the company reviewed the accounts and taking into account the interests of the company and its shareholder as well as the long term interests of the company, recommended a (reduced) dividend of £10 million. This was approved by the company's sole shareholder, SSP Financing UK Limited.

On behalf of the board



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R A Worrell

Director

22 June 2021

SELECT SERVICE PARTNER UK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the period ended 30 September 2020.

Results and dividends

The results for the period are set out on page 13.

The directors did not propose the payment of a final dividend (2019: a final dividend of £10,000,000 was proposed, which was paid during the current period).

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

M E Collins

J O Davies

S Smith

N S Campbell

R Lewis

(Appointed 1 November 2019)

R A Worrell

(Appointed 1 November 2019)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the reporting date.

Political and charitable donations

The company made no political contributions during the period.

Employees

The company recognises that its principal asset is its employees and their commitment to the company's service standards and customers. Unfortunately, the company had to reduce its headcount during the period in order to keep costs down in line with reduced sales due to the impact of the Covid-19 pandemic, and accordingly a significant proportion of the company's workforce left service during the current period.

The company believes in creating a culture that is free from discrimination and harassment and will not permit or tolerate discrimination in any form. The company gives full and fair consideration to applications for employment when they are received from disabled people and employs disabled people whenever suitable vacancies arise. Should an employee become disabled when working for the company, they will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

Further details on the company's engagement with employees is included in the Section 172 Statement on page 4.

Business relationships

Details of the company's business relationships are included in the Section 172 Statement on page 4 and corporate governance on page 9.

Going concern

The financial statements have been prepared on the going concern basis as the directors are confident that the company has sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, through accessing the company's cash held on deposit with its intermediate parent company, SSP Financing Limited. The directors are satisfied, based on reasons detailed in note 1, that the company can continue as a going concern.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

SELECT SERVICE PARTNER UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101').

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 accounting estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor are aware of that information.

SELECT SERVICE PARTNER UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Corporate governance arrangements

In accordance with the Companies Act, the company sets out below its statement on its corporate governance arrangements as applied for the 2020 financial period.

The company is committed to upholding the highest standards of corporate governance and best practice. During the course of the 2020 financial period, the Board had been in the planning stages of adopting a formal Corporate Governance regime as part of the Companies Act requirement for Large Private Companies. During the first quarter of the 2020 calendar year the Covid-19 pandemic began to have a significant impact on the company's operations, as well as the wider travel industry. As a result, the Board's plans were disrupted as its focus moved to mitigating the severe effect of the pandemic on the company's business. While a formal regime was not adopted in the period, the Board has embedded corporate governance best practice in a number of key areas, some examples of which are set out below.

The company is a wholly owned subsidiary of SSP Group plc. As such, the company's culture, values and strategy is closely aligned to that of its ultimate parent. The company's Board comprises the SSP Group plc Chief Executive Officer, Chief Financial Officer and Financial Controller, as well as the UK division's Chief Executive Officer, Chief Financial Officer and Chief Operational Officer. The Board is ultimately responsible for setting the culture and strategy of the company, a fact that was demonstrated through its leadership of the company in response to the Covid-19 pandemic.

The Board recognises the importance of having a balance of skills, backgrounds, experience and knowledge. Further, each Board member has a clear set of accountabilities and responsibilities which are set out by the Group Legal team on appointment as required.

Furthermore, the Board sets the risk appetite of the company and has an established UK Risk Committee which meets regularly to monitor and discuss emerging and ongoing risks facing the company. The UK Risk Committee has a cross functional membership including finance, legal, commercial and operations. The UK Risk Committee reports into the Board.

The company remains committed to maintaining a high standard of corporate governance. As such, the Board has committed to reviewing the appropriate corporate governance arrangements to apply for the company going forward.

Stakeholder engagement

As a member of the SSP Group, the company has a wide and diverse group of stakeholders, on whom we rely for our success. We define our stakeholders as those whom we affect and those who affect us.

We are committed to engaging with our different stakeholder groups, so that they can better understand our business, and we, in turn, can understand what is important to them and can then take their views and expectations into account when taking business decisions. This has been especially important this period as we have navigated through the Covid-19 crisis.

The below is a summary of our key stakeholder groups and how we have engaged with them throughout the period.

Our colleagues - The Board regularly receives updates from the Human Resources function on employee engagement which has increased following the onset of the Covid-19 Pandemic. The company held periodic town hall meetings, conferences, and team briefings and has carried out a number of employee surveys (focused in the financial period on the return to work post pandemic). We also engage with employees through the group's European Works Council.

SELECT SERVICE PARTNER UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Our customers – we receive feedback from customers in a number of ways. We carry out regular customer surveys, obtain feedback through our customer care line, and monitor feedback given on online review sites.

Our clients – we maintain regular contact with our clients through our local business development teams, as well as through CEO level meetings. The importance of maintaining these relationships has been seen throughout the pandemic, where the Company has had to work closely with its clients to rapidly close and open units. Additionally, we receive feedback through our client surveys.

Our brand partners and suppliers – we hold regular meetings and maintain an open dialogue with our brand partners and suppliers, relationships which have proved critical to successfully navigating the Covid-19 Pandemic, as with clients noted above. This has included working with our partners to adapt menus, unit layouts and ways of working in small kitchen spaces. We also provide training materials on specific topics such as, for example, modern slavery.

Our shareholders – the company is a wholly owned subsidiary of SSP Group plc. Certain directors are also directors or senior employees of SSP Group plc and they bring an understanding of the group's aims and objectives and share those with the other members of the Board.

Our communities – we engage in various charity partnerships and programmes. We make regular food and drink donations to hospitals and charitable distributions. This has been demonstrated throughout the pandemic, including our donation of 100,000 Millie's cookies to NHS workers as part of a partnership between the company, Delice de France, Electrolux Professional and London-based events caterer Food Show.

NGOs – we maintain continuous formal and informal correspondence with various non-governmental organisations who provide guidance on key areas of our sustainability strategy.

Government and regulators – we hold regular meetings with regulators, as well as maintaining other channels of correspondence.

On behalf of the board



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R A Worrell

Director

22 June 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SELECT SERVICE PARTNER UK LIMITED

Opinion

We have audited the financial statements of Select Service Partner UK Limited ("the company") for the period ended 30 September 2020 which comprise the profit and loss account, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SELECT SERVICE PARTNER UK LIMITED

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 period 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 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 8, 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.

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.

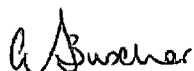
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SELECT SERVICE PARTNER UK LIMITED

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

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



Gemma Buschor (Senior Statutory Auditor)
for and on behalf of KPMG LLP Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL
United Kingdom

22 June 2021

SELECT SERVICE PARTNER UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
Turnover	2	360,392	725,020
Cost of sales		(328,342)	(557,211)
Impairment	11/12	(20,521)	-
Gross profit		11,529	167,809
Administrative expenses		(51,908)	(78,119)
Operating (loss)/profit	3	(40,379)	89,690
Interest receivable from group undertakings	6	1,985	3,570
Other interest receivable and similar income	6	114	14
Interest payable and similar charges	7	(5,902)	(178)
(Loss)/Profit before taxation		(44,182)	93,096
Tax on loss/(profit)	8	13,375	(15,230)
(Loss)/Profit for the financial period	23	(30,807)	77,866

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The accompanying notes form part of these financial statements.

SELECT SERVICE PARTNER UK LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Intangible assets - goodwill	10	132,883	132,543
Other intangible assets	10	401	350
Tangible fixed assets	11	45,295	53,186
Right-of-use assets	12	193,403	-
		<u>371,982</u>	<u>186,079</u>
Current assets			
Deferred tax	17	11,777	10,427
Stocks	13	3,789	9,355
Debtors	14	308,285	358,357
Cash at bank and in hand		2,870	7,854
		<u>326,721</u>	<u>385,993</u>
Creditors: amounts falling due within one period			
Creditors	15	75,162	119,089
Lease liabilities	16	52,584	-
		<u>127,746</u>	<u>119,089</u>
Net current assets		<u>198,975</u>	<u>266,904</u>
Total assets less current liabilities		<u>570,957</u>	<u>452,983</u>
Creditors: amounts falling due after more than one period			
Lease liabilities	16	155,588	-
Provisions for liabilities			
Other provisions	18	3,014	29
Net assets		<u>412,355</u>	<u>452,954</u>

SELECT SERVICE PARTNER UK LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
Capital and reserves			
Called up share capital	21	10,100	10,100
Share premium account	22	328,473	328,473
Profit and loss account	23	73,782	114,381
Equity shareholders' funds		<u>412,355</u>	<u>452,954</u>

The financial statements were approved by the board of directors on 22 June 2021 and are signed on its behalf by:



.....
R A Worrell
Director

Company Registration No. 05687183

SELECT SERVICE PARTNER UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

		Share capital	Share premium account	Retained earnings	Total
	Notes	£000	£000	£000	£000
Balance at 26 September 2018		10,100	328,473	85,476	424,049
Period ended 25 September 2019:					
Profit and total comprehensive income for the period		-	-	77,866	77,866
Dividends	9	-	-	(50,000)	(50,000)
Credit to equity for equity settled share-based payments	23	-	-	1,126	1,126
Tax on share-based payment transactions		-	-	(87)	(87)
Balance at 25 September 2019		10,100	328,473	114,381	452,954
Period ended 30 September 2020:					
Loss and total comprehensive loss for the period		-	-	(30,807)	(30,807)
Dividends	9	-	-	(10,000)	(10,000)
Credit to equity for equity settled share-based payments	23	-	-	291	291
Tax on share-based payment transactions		-	-	(83)	(83)
Balance at 30 September 2020		10,100	328,473	73,782	412,355

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Select Service Partner UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Jamestown Wharf, 32 Jamestown Road, London, NW1 7HW.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions:

- the cash flow statement and related notes;
- comparative period reconciliations for share capital
- disclosures in respect of financial instruments;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet adopted IFRSs
- Disclosures in respect of revenue being the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers

As the consolidated financial statements of SSP Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Accounting judgement and estimates

Impairment of assets in CGUs

The company is required to test the assets (both tangible fixed assets and right-of-use assets) within a cash-generating unit (CGU) for impairment annually if there is a trigger for impairment. The economic impact of Covid-19 has been identified as a specific trigger for impairment and as such all CGUs within the company have been tested for impairment. The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are cash flow forecasts. The cash flow forecast period is based on length of the lease term of contracts held within a site. The values applied to the key assumptions in the value in use calculations are derived from a combination of internal and external factors, based on past experience together with management's future expectations about business performance. Note 11 provides further details of impairment reviews performed and associated sensitivities.

Initial recognition of right-of-use assets and lease liabilities on transition to IFRS 16

The company adopted IFRS 16 'Leases' with effect from 26 September 2019. The new standard requires that the company's leased assets are recorded as right-of-use (ROU) assets together with their corresponding lease liabilities. Adoption of the new standard has had a material impact on the company's financial statements, with ROU assets of £257.1m recognised on transition together with lease liabilities of £255.4m. On transition, the lease liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate on the date of transition. The ROU assets have been measured at the carrying amounts that would have been in place had the standard been applied since the commencement of each lease, discounted using the incremental borrowing rate (IBR) at the date of transition.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The company exercises judgement on whether or not such options will be exercised for the leases which directly impacts on the length of the lease term and as such the quantum of the lease liability and ROU asset recognised at transition. In making the judgement, the company considers several factors including: profitability of the underlying assets, costs to exit, importance of the site in gaining further business with clients and forecasted capital expenditure. In overall terms, automatic renewal is not reasonably certain. Similarly, the company exercises judgement on computation of the IBR which is used to measure lease liabilities. The local currency interbank swap rate is used as a reference rate which takes into consideration the currency that the lease originates in (ie sterling) and the lease term. This is adjusted by the group financing margin, as a proxy for the cost of financing.

New accounting standards applicable

There have been significant changes to accounting under IFRS which have affected the company's financial statements. New standards and interpretations effective for periods commencing on or after 1 January 2019 with a material impact on the company's financial statements for the financial period ended 30 September 2020 are listed below:

- IFRS 16 'Leases'
- Covid-19-related rent concessions (amendment to IFRS 16).

IFRS 16 'Leases'

The company adopted IFRS 16 'Leases' with effect from 26 September 2019 using the modified retrospective approach to transition – see above on critical accounting judgements. Adoption of the new standard has had a material impact on the company's financial statements, with ROU assets of £257.1m recognised on transition together with lease liabilities of £255.4m. As at 30 September 2020 the ROU assets were £193.4m and the lease liabilities were £208.2m.

On transition, the lease liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate on the date of transition. The right-of-use assets have been measured at the carrying amounts that would have been in place had the standard been applied since the commencement of each lease, discounted using the incremental borrowing rate at the date of transition. The weighted average incremental borrowing rate applied to the Company's lease portfolio on 26 September 2019 was 1.87%.

On transition the company elected not to reassess whether a contract is, or contains, a lease, instead relying on the assessment already made in applying IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. In addition, the company applied the following available practical expedients permitted by the standard:

- the exclusion of leases relating to low-value assets (less than £5,000 when new);
- the exclusion of short-term leases, being those with a lease term of 12 months or less;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- reliance on its assessment of whether leases are onerous immediately prior to the date of transition.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

The impact of the adoption of IFRS 16 on the opening balance sheet as at 26 September 2019 is shown in the table below. Further details on ROU assets by class are shown in note 12.

	As at 25 September 2019 £000	Impact of IFRS 16 £000	Restated as at 26 September 2019 £000
Right-of-use assets	-	257,144	257,144
Prepayments and accrued income	12,160	(4,046)	(8,114)
Accruals and deferred income	(70,728)	2,343	(68,385)
Lease liabilities	-	(255,441)	(255,441)

A reconciliation of operating lease commitments disclosed in the company's statutory accounts for the period ended 25 September 2019 to the lease liability recognised as at 26 September 2019 is shown below:

	£000
Operating lease commitment as at 25 September 2019	(393,075)
Discounted using the incremental borrowing rate at 26 September 2019	13,573
Leases committed not yet started	5,865
Short-term and Exempt leases recognised on a straight-line basis as an expense	108,034
Adjustment due to differing definition of fixed rent or treatment of extension and termination options	10,162
Lease liability recognised as at 26 September 2019	(255,441)

Under IFRS 16, the operating lease expense previously recorded in operating costs has been replaced by a depreciation charge, which is higher in the current period than the operating lease expense recognised under IAS 17, the previous accounting standard for leases, and a separate interest expense, recorded in finance expense. This significantly impacts certain line items in the company's income statement and distorts comparisons with prior periods because in accordance with the standard, as a result of the company transitioning to IFRS 16 using the modified retrospective approach, prior periods have not been restated. However, a summary of the impact of the adoption of IFRS 16 on the company's underlying results for the period ended 30 September 2020 compared to the IAS 17 results is shown in the table below:

	Proforma IAS17 2020 £000	Impact of IFRS16 £000	IFRS16 2020 £000
Operating loss	(33,412)	(6,967)	(40,379)
Loss before tax	(32,613)	(11,569)	(44,182)
Net assets	423,924	(11,569)	412,355

Covid-19-related rent concessions

The company has applied Covid-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. The amendment has been applied retrospectively and has no impact on retained earnings at 1 October 2019. For rent concessions in leases to which the company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the company assesses whether there is a lease modification.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

From 26 September 2019, the company's accounting policy is as follows:

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of use asset. Variable lease payments are recognised as an expense in the income statement in the period they are incurred. For short term leases and low value assets, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Policies applicable before adoption of IFRS 16 on 26 September 2019

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rent which is dependent on variable factors, such as unit sales, is recognised in the period in which it is incurred. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

1.2 Going concern

These financial statements have been prepared on the going concern basis which the directors consider appropriate for the following reasons.

The directors have prepared a going concern assessment for the company for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of the Covid-19 pandemic, the company will have sufficient funds, through the return of cash deposited with its intermediate parent company, SSP Financing Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on SSP Financing Limited providing the cash (and any additional financial support) during that period. SSP Financing Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. 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.

However, the ability of SSP Financing Limited to continue to provide this support is dependent on the ability of its ultimate parent company, SSP Group plc, and the wider SSP Group to continue as a going concern.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

The Board of SSP Group plc has reviewed the Group's trading forecasts, incorporating the impact on SSP of Covid-19, as part of the Group's adoption of the going concern basis for its interim financial statements for the 6 months ended 31 March 2021, in which context the Board reviewed cash flow forecasts prepared for a period of 16 months from the date of approval (8 June 2021) of those financial statements, with a number of different scenarios considered. Having carefully reviewed those forecasts, the Board concluded that it was appropriate to adopt the going concern basis of accounting in preparing those financial statements for the reasons set out below.

Since the start of the pandemic, the Group has taken rapid and decisive action to protect its people and the business, generating significant liquidity, reducing costs and minimising cash usage. Nevertheless, against a backdrop of ongoing uncertainty around the short and medium term trading outlook for the Group, and having considered a number of different scenarios and financing alternatives, the Board took proactive action in March 2021 to strengthen the Group's balance sheet, announcing a Rights Issue to raise gross proceeds of approximately £475m. Alongside and conditional upon the Rights Issue, SSP Financing Limited secured the extension to January 2024 of its main bank facilities that were previously due to mature in July 2022, and secured waivers and modifications of the existing covenants under those bank facilities and its US private placement notes.

In making the going concern assessment, the Board considered forecast cash flows and the liquidity available over the period to 30 September 2022. In doing so they assessed a number of scenarios, including a base case scenario and a severe but plausible downside scenario. The base case scenario reflects an expectation of extended travel restrictions and ongoing very challenging trading conditions during the third quarter of the 2021 financial year, before a slow but steady recovery in passenger numbers in most of the Group's key markets during the final quarter. This gradual recovery is assumed to continue during the 2022 financial year, with Group sales during the second half of that financial year reaching approximately 90% of 2019 levels.

In light of the considerable uncertainty surrounding the ongoing impact of Covid-19, a downside scenario has also been modelled, applying severe but plausible assumptions to the base case. This downside scenario reflects a pessimistic view of the travel markets for the remainder of the current financial year, assuming significant restrictions on non-essential travel throughout the third quarter, followed by a modest recovery in domestic travel and no recovery in international travel during the final quarter, with overall Group sales reaching 29% of 2019 levels by September 2021. The downside scenario then assumes a gradual recovery during the 2022 financial year, but at a much slower pace than envisaged in the base case, with Group sales reaching approximately half of 2019 levels by March 2022 and approximately 75% by September 2022.

Following the successful completion of the Rights Issue, the Group must comply with two financial covenants during the period ending 30 September 2022, each tested monthly, with the first of these based on the Group demonstrating a minimum level of liquidity and the second based on the Group not exceeding a maximum level of net debt. In both its base case and the downside scenario, the Group would have headroom against each of these covenant tests at all testing dates during the period to 30 September 2022.

The ongoing impact of the Covid-19 pandemic cannot be accurately predicted, and it is not possible to assess all possible future implications for the Group. Nevertheless, based on the scenarios modelled, as well as the additional sensitivity analysis outlined above, the Board of SSP Group plc is confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 16 months from the date of approval of the interim financial statements. The Board of SSP Group plc has therefore deemed it appropriate to prepare the financial statements for the six months ended 31 March 2021 on a going concern basis.

Based on the considerations above the Directors believe the ultimate parent company, SSP Group plc and the wider SSP Group will continue as a going concern and return the cash as is needed by the Company for the period covered by the forecasts.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

1.3 Turnover

Revenue represents amounts for retail goods and catering services supplied to third party customers (predominantly passengers) excluding discounts, value-added tax and similar sales taxes.

Sale of goods

Revenue is recognised at the point that control of the good is passed to the customer. This is deemed to be at the point of sale of food, beverage and retail goods.

Provision of catering services

Revenue is recognised over time, as the services are provided to the customer

1.4 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Goodwill arising on acquisitions before the date of transition to FRS 101 has been retained at the previous UK GAAP amount subject to being tested for impairment at that date.

1.5 Intangible assets other than goodwill

Trademarks and licences

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives.

Computer software and development

In accordance with FRS 101, software development costs (including website development costs) are capitalised as Intangible Assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost, less accumulated amortisation.

Software development costs are all amortised over three periods and the amortisation charge is included within net operating expenses in the profit and loss account.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

1.6 Tangible fixed assets

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	8% to 33% per annum or lease rental contract
Fixtures, fittings and equipment	8% to 33% per annum or lease rental contract
Assets in the course of construction	See note below

Assets in the course of construction are not depreciated until the moment when the relevant trading units are brought into use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Impairment of tangible and intangible assets

The company reviews the carrying amounts of its tangible and intangible assets when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generate income largely independent of the income streams from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or an income-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account unless arising on a previously revalued asset. An impairment loss on a revalued asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments on revalued assets are recognised in the Statement of Comprehensive Income until the carrying amount reaches the asset's depreciated historical cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairments

Where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation or amortisation, if no impairment loss had been recognised.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

1.8 Stocks

Stocks comprise goods purchased for resale and consumable stores, and are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.11 Financial assets

Non derivative financial assets compromise of trade and other receivables and cash and cash equivalents

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses and doubtful debts. The allowance for doubtful debts is recognised based on an expected loss model which is a probability weighted estimate of credit losses.

1.12 Financial liabilities

Non derivative financial liabilities compromise of trade and other payables

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

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

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No provision is made for the following temporary differences: the initial recognition of goodwill; and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the temporary difference can be utilised.

1.15 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

All eligible employees are entitled to join the SSP Group Pension Plan, a defined contribution scheme. Those employees not eligible to join the SSP Group Pension Plan are automatically enrolled in a defined contribution scheme operated by the National Employment Savings Trust (NEST) with an option to opt out. The charge to profit and loss account for both schemes represents the amounts payable by the company to the schemes in respect of the period.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1 Accounting policies

1.18 Share-based payments

SSP Group plc issues equity-settled share awards to employees of the company. The company recognises a charge for the equity-settled share options issued. A corresponding increase in equity is recognised as a capital contribution from SSP Group plc.

Equity-settled share-based payments to employees are measured at fair value at the grant date. The fair value of awards granted to employees of the company is expensed on a straight-line basis over the vesting period, based on the company's estimate of the number of shares that will actually vest. A corresponding adjustment is made to equity.

1.19 Government grants

Income received in the form of government grants is accounted for under IAS 20 'Government grants' and recognised in the income statement in the period in which the associated costs for which the grants are intended to compensate are incurred. The grant income is recognised as a reduction in the corresponding expense in the income statement.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.21 Purchasing rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers are treated as a deduction from the related operating cost and are accounted for on an accrual basis.

2 Turnover

Turnover derives from principally one activity, being the operation of catering and retail travel concession businesses within the UK. Turnover is recognised at the point of sale, net of taxes.

	2020	2019
	£000	£000
Turnover		
Food and drink revenue	358,861	722,746
Leisure revenue	571	1,301
Vending revenue	81	191
Other revenue	879	782
	<hr/>	<hr/>
	360,392	725,020
	<hr/>	<hr/>

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

3 Operating (loss)/profit

	2020	2019
	£000	£000
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(344)	11
Fees payable to the company's auditor for the audit of the company's financial statements	252	92
Depreciation of tangible fixed assets	20,382	14,152
Profit on disposal of tangible fixed assets	(3)	-
Depreciation of right-of-use asset	59,515	-
Amortisation of intangible assets	199	206
Release of provision	-	7,228
Restructuring costs	5,858	-
Rentals payable under leases	33,261	117,541
IFRS16 rent credit	(24,461)	-
Share-based payments	291	1,126

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent company, SSP Group plc.

The company's rentals payable consists of fixed and variable elements depending on the nature of the contract and the levels of revenue earned from the respective sites. £19,013k of the expense relates to variable elements, and the remaining £14,248k is rent in respect of short-term leases. These payments are not capitalised under IFRS 16

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2020	2019
	Number	Number
Operations	7,507	8,345
Administration	145	137
	<u>7,652</u>	<u>8,482</u>

Their aggregate remuneration comprised:

	2020	2019
	£000	£000
Wages and salaries	73,185	112,685
Social security costs	7,244	8,535
Pension costs	2,574	2,457
	<u>83,003</u>	<u>123,677</u>

Employee remuneration is shown net of government grants received in the period of £38,337k. These grants relate to support packages made available by the government in response to the Covid-19 pandemic, such as the UK Government's Coronavirus Job Retention Scheme.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

5 Directors' remuneration

	2020 £000	2019 £000
Remuneration for qualifying services	936	1,233
Company pension contributions to defined contribution schemes	26	30
	<u>962</u>	<u>1,263</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	404	562
Company pension contributions to defined contribution schemes	<u>4</u>	<u>7</u>

The directors' emoluments of three directors who served throughout the period (one director in the prior period) were borne by the company's ultimate parent company, SSP Group plc. Their emoluments in respect of qualifying services to Select Service Partner UK Limited have not been allocated to the company as the services are considered immaterial. The other directors were remunerated by the company.

One director provided qualifying services to the company and exercised share options (over shares in SSP Group plc) in the period and three directors provided qualifying services to the company as a result of which they have been granted PSP awards (nil cost options) which should vest (subject to meeting performance criteria) in the next 3 periods.

6 Interest receivable and similar income

	2020 £000	2019 £000
Interest income		
Interest receivable from group companies	1,985	3,570
Other interest income	<u>114</u>	<u>14</u>
Total income	<u>2,099</u>	<u>3,584</u>

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

7 Interest payable and similar expenses

	2020	2019
	£000	£000
Interest on financial liabilities:		
Interest payable to group undertakings	1,090	61
Lease interest expense	4,602	-
Other interest payable	174	96
	<u>5,866</u>	<u>157</u>
Other finance costs:		
Unwinding of discount on provisions	36	21
	<u>36</u>	<u>21</u>
Total finance costs	<u>5,902</u>	<u>178</u>

8 Income tax (credit)/expense

	2020	2019
	£000	£000
Current tax		
UK corporation tax on (loss)/profit for the current period	(6,304)	15,655
Adjustments in respect of prior periods	(5,472)	(1,403)
	<u>(11,776)</u>	<u>14,252</u>
Total UK current tax	<u>(11,776)</u>	<u>14,252</u>
Deferred tax		
Origination and reversal of temporary differences	(853)	-
Arising from write down or reversal of write down of deferred tax asset	-	920
Adjustment in respect of prior periods	(746)	58
	<u>(1,599)</u>	<u>978</u>
Total tax (credit)/charge	<u>(13,375)</u>	<u>15,230</u>

The tax credit/charge for the period differs from the standard rate of corporation tax applicable for the period in the UK of 19% (2019: 19%) applied to the loss/profit on ordinary activities before taxation.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

8 Income tax (credit)/expense

The charge for the period can be reconciled to the (loss)/profit per the profit and loss account as follows:

	2020	2019
	£000	£000
(Loss)/Profit before taxation	(44,182)	93,096
Expected tax (credit)/charge based on a corporation tax rate of 19% (2019: 19%)	(8,395)	17,688
Expenses not deductible in determining taxable profit	402	14
Depreciation on assets not qualifying for tax allowances	993	529
Share based payment (credit)/charge	(129)	25
Movement in provision for onerous contracts	(5)	(4)
Previously unrecognised deferred tax	(23)	(2,137)
Adjustment in respect of prior periods	(6,218)	(885)
Tax (credit)/charge for the period	(13,375)	15,230

In addition to the amount (credited)/charged to the profit and loss account and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

	2020	2019
	£000	£000
Deferred tax:		
Tax on share-based payments	83	87

The tax rate in the period has been impacted by a significant prior period adjustment that has arisen mainly due to the availability of additional losses available to the Company as group relief received for nil consideration in respect of the prior period. This increase arises due to other UK companies being able to carry back their 2020 losses against prior period profits, increasing the availability of prior period losses to the Company in 2019.

The Company expects the tax rate in the future to be affected by receipt of tax losses from other UK group companies for no consideration.

An increase in the main rate of corporation tax to 25% (effective from 1 April 2023) was announced in the Budget on 4 March 2021 and has substantively enacted on 24 May 2021. This will increase the Company's future current tax charge.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

9	Dividends	2020 Pence per share	2019 Pence per share	2020 £000	2019 £000
	Amounts recognised as distributions to equity holders:				
	Ordinary shares				
	Final dividend paid	9.90	49.50	10,000	50,000

10	Intangible fixed assets	Goodwill £000	Software £000	Trademarks £000	Total £000
	Cost				
	At 26 September 2019	284,316	12,434	300	297,050
	Additions - purchased	340	242	-	582
	Transfer from tangibles	-	8	-	8
	At 30 September 2020	284,656	12,684	300	297,640
	Amortisation and impairment				
	At 26 September 2019	151,773	12,084	300	164,157
	Charge for the period	-	199	-	199
	At 30 September 2020	151,773	12,283	300	164,356
	Carrying amount				
	At 30 September 2020	132,883	401	-	133,284
	At 25 September 2019	132,543	350	-	132,893

Impairment of Goodwill

Impairment assessments are performed on Goodwill when there is a trigger or activity which would indicate a potential impairment. Covid-19 was classed as an impairment trigger for which an impairment assessment was performed against Goodwill in the current period. There are no reasonably possible changes to assumptions used in that assessment which would indicate an impairment is required to Goodwill.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

11 Tangible fixed assets

	Short term leasehold property £000	Assets under construction £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 26 September 2019	154,125	2,723	64,207	221,055
Additions	7,799	3,259	7,203	18,261
Disposals	(7,429)	-	(2,556)	(9,985)
Transfer between classes	1,068	(2,281)	1,205	(8)
At 30 September 2020	155,563	3,701	70,059	229,323
Accumulated depreciation and impairment				
At 26 September 2019	118,848	-	49,021	167,869
Charge for the period	9,358	-	11,024	20,382
Impairments	3,148	1,312	1,302	5,762
Disposals	(7,429)	-	(2,556)	(9,985)
Transfer between classes	28	-	(28)	-
At 30 September 2020	123,953	1,312	58,763	184,028
Carrying amount				
At 30 September 2020	31,610	2,389	11,286	45,295
At 25 September 2019	35,277	2,723	15,186	53,186

Impairment of property, plant and equipment and right-of-use assets

The company tests assets for impairment when impairment triggers are identified. The economic impact of Covid-19 has been identified as a specific trigger for impairment, resulting in impairment charges of £5,762k to property, plant and equipment and £14,759k to right-of use assets.

The company has identified each operating site, such as an airport or rail station, as a cash-generating unit (CGU) for the purpose of the impairment review, on the basis that within one site the units are interdependent because the market dynamics (and thus cash inflow and outflows) in one unit could impact other units.

The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are discount rates and cash flow forecasts. The cash flow forecast period is based on length of the lease term of contracts held within a site. The values applied to the key assumptions in the value in use calculations are derived from a combination of internal and external factors, based on past experience together with management's future expectations about business performance. The pre-tax discount rates used reflect the time value of money and are based on the company's weighted average cost of capital.

Sensitivity analysis

Whilst management believe the assumptions are realistic, it is possible that additional impairments would be identified if any of the above sensitivities were changed significantly. A sensitivity analysis has been performed on each of these key assumptions with the other variables held constant. An increase in the discount rate by 1% would result in additional impairments of £141k and £550k in property, plant and equipment and right-of-use assets respectively. A reduction in EBITDA of 10% in each forecast year would result in additional impairments of £1,585k and £6,233k in property, plant and equipment and right-of-use assets respectively.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

12 Right of Use Asset

	Concession contracts £000	Short term leasehold property £000	Total £000
Balance as at 25 September 2019	-	-	-
On transition	256,422	722	257,144
Additions	50,786	15,135	65,921
Acquisitions	831	-	831
Remeasurement adjustments	(50,849)	(5,370)	(56,219)
Depreciation charge	(58,205)	(1,310)	(59,515)
Impairment charge	(14,759)	-	(14,759)
As at 30 September 2020	184,226	9,177	193,403

Adoption of IFRS 16 'Leases'

As detailed in note 1, the company adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition.

The majority of the right-of-use assets are associated with leased concession units, which are predominantly located in train stations and airports. The remaining right-of-use assets relate to land and buildings in the form of offices.

Impairment of right-of-use assets

Details of the impairment methodology for right-of-use assets are provided in note 11.

13 Stocks	2020 £000	2019 £000
Food and beverages	2,463	7,826
Other consumables	1,326	1,529
	<u>3,789</u>	<u>9,355</u>

Food and Beverages and other consumables recognised as cost of sales in the period amounted to £166,914k (2019: £313,782k). There were write downs of stock amounting to £2,462k in the current period (2019: £nil) and no reversal of write downs from prior periods (2019: £nil).

14 Debtors	2020 £000	2019 £000
Trade debtors	1,433	8,581
Amounts due from group undertakings	302,196	337,616
Prepayments and accrued income	111	12,160
Current tax recoverable	4,545	-
	<u>308,285</u>	<u>358,357</u>

Amounts due from group undertakings are repayable on demand. £297,549k (2019: £337,616k) of the balance has been deposited with SSP Financing Limited (which operates as the group treasury function).

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

15 Creditors

	Due within one year	
	2020	2019
	£000	£000
Trade creditors	18,792	32,369
Taxation and social security	6,084	15,992
Accruals and deferred income	50,286	70,728
	<u>75,162</u>	<u>119,089</u>

16 Lease Liabilities

	2020
	£000
Amounts payable under leases:	
Lease liability on transition	255,441
Additions	65,921
Acquisitions	830
Interest charge in period	4,602
Payment of lease liabilities	(37,940)
Remeasurement adjustment	(80,682)
	<u>208,172</u>

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

16 Lease Liabilities

Adoption of IFRS 16 'Leases'

As detailed in note 1, the company adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition. The lease liability balance is split below:

	2020 £000
Current liabilities	52,584
Non-current liabilities	155,588
	<hr/> 208,172

Covid-19 practical expedient

The company has applied Covid-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. This practical expedient allows the impact on lease liability of temporary rent reductions/waivers affecting rent payments due on or before June 2021, to be recognised in the income statement in the period they are received, rather than as lease modifications, which would require the remeasurement of the lease liability using a revised discount rate with a corresponding adjustment to the right-of-use asset.

The Company has applied this practical expedient to all Covid-19 rent reductions/waivers that meet the requirements of the amendment. This has resulted in an exceptional item in the form of a credit in the income statement of £24,461k for the period ended 30 September 2020. This is also reflected in the remeasurement adjustment line in the movement of the lease liability above.

The table below represents a maturity analysis of the undiscounted payments due over the remaining lease term for these liabilities

Detail	Carrying amount £000	Contractual cashflows £000	1 year or less £000	1 to < 2 years £000	2 to <5 years £000	>5 years £000
Lease liability	208,172	220,860	55,054	41,713	81,754	42,339

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Capital allowances	Share based payments	Provisions	Total
	£000	£000	£000	£000
Deferred tax asset at 26 September 2018	7,680	964	3,117	11,761
Deferred tax movements in prior period				
Credit/(Debit) to profit or loss	564	(148)	(1,395)	(979)
Recognised in equity	-	(355)	-	(355)
Deferred tax asset at 25 September 2019	8,244	461	1,722	10,427
Deferred tax movements in current period				
Credit/(Debit) to profit or loss	1,693	(39)	(55)	1,599
Recognised in equity	-	(249)	-	(249)
Deferred tax asset at 30 September 2020	9,937	173	1,667	11,777

	2020 £000	2019 £000
Deferred tax assets	11,777	10,427

Deferred tax assets in respect of accelerated capital allowances and other temporary differences have been recognised in these financial statements to the extent they are likely to be recovered in the medium term. These are detailed above. The remaining deferred tax assets not recognised are disclosed below.

Deferred tax assets have not been recognised in respect of the following items:

Provisions £485k (2019: £454k), other £486k (2019: £708k), total £971k (2019: £1,162k).

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

18 Provisions for liabilities

Movements on provisions:	Onerous contracts £000	Other £000	Total £000
At 26 September 2019	29	-	29
Additional provisions in the period	-	3,014	3,014
Utilisation of provision	(65)	-	(65)
Interest on discount unwinding	36	-	36
	<u> </u>	<u> </u>	<u> </u>
At 30 September 2020	-	3,014	3,014
	<u> </u>	<u> </u>	<u> </u>

Other provisions:

The other provisions are made up of expected legal and other costs in various sensitive commercial areas.

19 Retirement benefit schemes

Defined contribution schemes

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.

The total costs charged to the income statement in respect of defined contribution plans is £2,573k (2019: £2,457k).

20 Share-based payment transactions

Awards over shares of the ultimate parent undertaking, SSP Group plc ('Group') have been granted by the Group to employees of the company under the Group's Performance Share Plan ('PSP') and the UK Share Incentive Plan ('UK SIP').

Performance Share Plan

PSP awards are based on two independent performance conditions, which apply to separate numbers of shares under the award and are assessed independently. 25% of the award is based on SSP Group plc's Total Shareholder Return ('TSR') relative to a comparator group and 75% of the award is subject to an Earnings Per Share ('EPS') performance condition.

More details of the terms and conditions of the PSP and the Group's TSR comparator group are given in the Directors' annual report on remuneration in the SSP Group plc Annual Report and Accounts 2020.

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

20 Share-based payment transactions

Details of the movement in awards in the period are set out below:

	Number of share options	
	2020	2019
Outstanding at 26 September 2019	970,228	842,807
Granted during the period	352,358	509,819
Dividends granted in the period	-	14,867
Lapsed during the period	(15,461)	(56,853)
Exercised during the period	(272,106)	(340,412)
	<u>1,035,019</u>	<u>970,228</u>
Outstanding at 30 September 2020		
	<u>117,698</u>	<u>28,331</u>
Exercisable at 30 September 2020		
	<u>1.20</u>	<u>1.20</u>
Weighted average remaining contractual life (periods)		
Weighted average fair value of awards granted (£)	6.62	5.55
Expense recognised in the period (£)	332,068	1,276,706

The exercise price for the PSP is £nil.

The fair value of equity settled awards with a Total Shareholder Return ('TSR') performance condition was determined using an option pricing model (based on similar principles to a Monte Carlo model).

The weighted average share price at the date of exercise for share options exercised during the period was £0 (2019 - £0).

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

20 Share-based payment transactions

The following inputs were used for the option pricing model:

	2020	2019
Weighted average share price at grant (£)	6.52	6.75
Weighted average exercise price	-	-
Expected volatility (%)	23	24
Expected life (years)	3.00	3.00
Vesting period (years)	3.00	3.00
Expected correlation between the share price of TSR comparators (%)	28	29

Expected volatility was determined with reference to the historic volatility for the constituents of the Group's TSR comparator group over a period commensurate with the expected life of the awards. Awards subject to EPS performance criteria have been valued with reference to the share price at the date of the award.

UK Share Incentive Plan

The UK SIP is a share matching scheme which entitles participating employees to be given up to two free ordinary shares ('Matching shares') for each SSP Group plc ordinary share purchased ('Partnership shares'). Both the Partnership and Matching shares are placed in trust for a three-year period. The UK SIP has been in place from December 2014 onwards.

For the period January 2016 to December 2019, the actual entitlement to Matching shares was fixed at one Matching Share for every two Partnership shares purchased. For the period from January 2015 to December 2015 the actual entitlement was fixed at one Matching share for each Partnership share purchased.

The company incurred a charge of £0.1m in respect of the matching element of the UK SIP in 2020 (2019:£0.1m).

21 Share capital	2020	2019
	£000	£000
Ordinary share capital		
<i>Issued, called up and fully paid</i>		
101,000,100 Ordinary shares of 10p each	10,100	10,100
22 Share premium account	2020	2019
	£000	£000
At 25 September 2019 and 30 September 2020	328,473	328,473

SELECT SERVICE PARTNER UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

23 Profit and loss reserves

	2020 £000	2019 £000
At 26 September 2019	114,381	85,476
(Loss)/Profit for the period	(30,807)	77,866
Dividend paid	(10,000)	(50,000)
Share based payment transactions	291	1,126
Deferred tax on share-based payment transactions	(83)	(87)
	<hr/>	<hr/>
At 30 September 2020	73,782	114,381

24 Contingent liabilities

The company, together with certain other group companies, is a guarantor of borrowings made by SSP Financing Limited under various borrowing facilities. The borrowings under the facilities at the balance sheet date were £885.4 million (2019: £725.5 million).

25 Parent undertaking and ultimate controlling party

The company's immediate parent undertaking is SSP Financing UK Limited, a company incorporated in England and Wales.

SSP Group plc is the company's ultimate parent undertaking and ultimate controlling party, and it is the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and in respect of which the company is a member. SSP Group plc registered office is Jamestown Wharf, 32 Jamestown Road, London, NW1 7HW.

The consolidated accounts of SSP Group plc are available to the public and may be obtained via the Investors section of the SSP website: www.foodtravelexperts.com.