
ORCHESTRA TOPCO LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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ORCHESTRA TOPCO LIMITED

COMPANY INFORMATION

Directors	A J Richards E Baker D C E Geer T J Jones M S Musselwhite N E H Thomas W J Toner
Company secretary	A Seymour
Registered number	11795592
Registered office	550 Second Floor Thames Valley Park Reading RG6 1PT

ORCHESTRA TOPCO LIMITED

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ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activity

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

Introduction

Orchestra Topco Limited is the ultimate holding company of all catering subsidiaries, that trade under various brands, including CH&Co, Gather & Gather, Vacherin, Company of Cooks and Gather & Gather Ireland (otherwise known as the CH&Co Group). The Directors present their strategic report together with the audited consolidated and company financial statements for the year ended 31 December 2022.

The Strategic Report sets out for stakeholders the environment in which the Group "CH&Co" exists, the strategy that the Directors set in the context of that environment and the resulting performance for the year ended 31 December 2022.

Future developments

The Directors are very optimistic about future trading. The Group's strong recovery from the impact of the Covid-19 pandemic demonstrates the resilience of the Group's business model and its ability to flex and adapt to changing circumstances. This has been evident again throughout 2022 and beyond, when our sector faced the challenges of food and labour cost inflation caused by the conflict in Ukraine and the general global economic environment. Throughout this period the business has continued to grow strongly. This is due in no small part to the predominance of cost plus contracts in the business portfolio; the resilience of our business supply chain solutions and its ability to manage menus and product offering to mitigate the impacts of inflation.

At the time of writing this report the new business pipeline was in excess of £200m annual revenue, with strong growth prospects in all of our chosen sectors. The Directors remain confident about future organic growth opportunities.

We continue to look for opportunities to grow the Group through mergers and acquisitions.

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business review

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

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

The Key Performance Indicators (KPIs) of the Group are related to Turnover; Gross profit/(loss); Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) excluding exceptional items; Cashflow from Operating Activities and Loss after tax.

KPIs are monitored against both prior period and Budget. For KPIs relating to Turnover the Directors set targets for new contract wins as well as retention.

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

	2022	<i>As restated</i>
	£000	2021
		£000
Turnover	372,718	211,839
Gross profit	61,247	26,030
EBITDA excluding exceptional items, goodwill & intangible asset impairment and release of contingent deferred consideration	30,622	17,944
Exceptional costs	(4,105)	(4,481)
Cash inflow from Operating Activities	23,634	20,484
Loss after tax	(27,581)	(47,555)

EBITDA excluding exceptional items is considered to be a KPI as this is a key measure (along with net debt) in our banking covenant measurements.

Exceptional items in 2022 relate to:

- transaction costs relating to M&A in the period are £1.2m (2021: £0.6m).
- costs relating to the restructuring and integration of acquired business are £0.8m (2021: £0.5m).
- restructuring and other costs in response to the prolonged reduction in activity levels as a result of the pandemic restrictions £Nil (2021: £2.1m).
- exit costs relating to the closure of a regional office and consolidation of support functions £0.5m (2021: £0.2m).
- other exceptional costs including site exit and other costs due to Covid-19, refinancing and transformative development of systems and processes £1.6m (2021: £1.1m).

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business review (continued)

The principal changes in the Group's balance sheet are related to increased trading over the course of 2022. Trade and other receivables and payables, along with inventory and cash, are higher than last year because of the recovery of the business from the pandemic.

There are no new loans or borrowings, but this balance has increased due to accrued interest on loan notes.

The balance on intangible assets has decreased due to amortisation.

Principal items to note in the cash flow are an increase in interest paid in the year, partly due to an increase in loan interest rates but also as more interest was paid in cash rather than in kind in 2022. Net cash inflow from operations increased by £3.2m to £23.6m in 2022.

Following a review in the current year of loans and borrowings, an error has been noted relating to accrued loan note interest in the prior year financial statements. Additionally, a presentational error has been noted regarding the offset of deferred tax assets and liabilities on the Statement of Financial Position. The errors have been corrected in these financial statements – see note 25 for further details.

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The principal risks impacting the Group are through the Group's financial instruments, along with commercial risks. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk.

These are summarised below.

Interest rate risk

The Group is financed through a mixture of bank debt (on which interest is paid at a variable rate), and loan notes from shareholders (on which interest is accrued but unpaid) and equity investment. Interest rates rose steadily throughout the period of these financial statements and to the approval date. However, the Group has interest rate cap protections in place covering all of its of the senior debt, so the perceived risk from any significant impact from future interest rate movements is low. Coverage was increased from £90m in 2021 to £180m in 2022 through the sale of existing derivative instruments and purchase of a new instrument. The new instrument has a termination date of September 2024.

Liquidity risks

The directors have reviewed cashflow forecasts prepared by management covering a period of more than 12 months from the date of approval of these financial statements. Cashflow forecasts are derived from the detailed profit and loss forecasts. The forecast has been prepared on a prudent basis, taking into account views on the major factors impacting the performance of the business including inflation and the availability and cost of labour.

Please refer to the Going concern section in the Directors' Report for further details.

Credit risk

The Group's principal assets are cash, trade receivables and tangible fixed assets. Trade receivables are reviewed on a regular basis to ensure they are collectable. The Group has a quality client list and the underlying businesses have historically had very few instances of collection losses. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. As further described in note 3.13 to the financial statements, a provision for impairment is made for expected credit losses, estimated with reference to average of historical losses and forward-looking factors. These factors are for example the conflict in Ukraine, the continuing impact of goods and wages inflation and the knock-on effects of Brexit. The directors do not consider that emergent situations or events will have an effect on the collectability of debt.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Commercial risks

In our Workplaces sector a "new norm" appears to have developed now with regard to the balance between people working from home or working in the office and this is evident in the speed and strength of our recovery. The trend is that people are working in the office more regularly, which can be seen from increases in till revenue throughout the year. Till revenue is still below pre-Covid levels but this is due to more subsidised offers funded by clients and therefore invoiced. We believe that there is limited ongoing commercial risk to our business from this structural change in working practices. There is an ongoing commercial risk from the impact of inflationary pressures both on our raw material costs and labour arising from the conflict in Ukraine and the ongoing impact of pressures in the labour market. The contract business models operated by the Group ensure that it has adequate mechanisms available to it to minimise and mitigate inflationary pressures. The majority of the Group's contracts are cost plus, and on commercial arrangements we are able to flex tariffs to pass on the cost to consumers.

Foreign exchange risks

A very small percentage of the Group's business is conducted in a foreign currency (6.7%). This is within the Republic of Ireland where currency of revenue matches currency of cost of sales and therefore limits the exposure to exchange rate risk.

Market/supplier risks

Risk of supplier failure and/or product shortages in the supply chain are mitigated by the group having a major supply and distribution partner but with the alternative suppliers in all categories and the ability to contract directly with manufacturers or third party supplier should the need arise.

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' statement of compliance with duty to promote the success of the Group in accordance with s172(1) Companies Act 2006

In accordance with section 172 of the UK Companies Act 2006, in its decision making the Directors consider the interests of the Group's employees and other stakeholders. The Directors understand the importance of considering the views of all stakeholders and considers the impact of the Company's activities on the communities in which it operates, the environment and the Group's reputation. In its decision making, the Directors also consider what is most likely to promote the success of the Company for its stakeholders in the long term.

Information about our stakeholders and how the Directors discharge their duties having regard to Corporate Governance is available throughout this report.

The Directors consider their key stakeholders to be Our People; Our Clients and Customers; Our Investors and Lenders; Our Suppliers and Our Communities and Environment.

The Directors are committed to enhancing engagement with all our stakeholders. In addition to the methods of engagement described below, the interests of our stakeholder groups are considered by the Directors through a combination of:

- Regular reports and presentations at scheduled Director and Senior Management meetings, including operational reports presented by the CEO and COO and updates from senior management on health and safety; CSR; compliance and people matters (including employee engagement); supply chain and investor and lender feedback.
- A rolling agenda of matters to be considered by the Directors throughout the period including a strategy review which considers the strategy to be followed by the Group, which is supported by a budget for the following year and a medium-term financial plan.
- Formal consideration of large sales and retention bids.
- The work of various committees of the Board of Directors including the Audit and Remuneration Committees.

The Board was comprised of the following individuals during the period:

Tim Jones – Chairman of the Board and the Audit and Remuneration Committees

Bill Toner – CEO and member of the Remuneration Committee

Nick Thomas – CFO and attendee at the Audit and Remuneration Committees

Allister Richards – COO

Madeleine Musselwhite – Non-Executive Director

Dominic Geer – Investment Director and member of the Remuneration Committee (Equistone)

Ed Baker – Investment Director and member of the Audit Committee (Equistone)

Remuneration and benefits are determined by the Global Job Grading Matrix. All new roles are benchmarked internally and externally. Annual performance reviews are conducted and these go forward into pay reviews. All senior roles and remuneration are approved by the Remuneration Committee. The Remuneration Committee assesses and benchmarks the remuneration of the Board of Directors.

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Our People

Our people are at the heart of our business and are critical to achieving our goals. Our shared values as a Group are Inclusive; Inquisitive and Uplifting. These values describe our culture and how it feels to work at CH&Co. They underpin all our activities and makes us successful both individually and as a company.

We seek feedback from our people through companywide engagement platforms such as Yapster, SharePoint and Unlock and regular all business Exec Live Updates on Teams. Through Unlock we have the online facility to "Meet the Leadership Team" and "Ask a Question". The feedback from these platforms, as well as regular team gatherings and conferences ensure that decisions made by the Directors that affect our people are better informed by the views of our people.

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

Throughout the period the Group and its employees continued to be recognised with several individual and corporate industry awards being won.

Our Clients and Customers

As a national business operating in multiple market sectors, our clients and customers are many and varied. Our business is built on our ability to retain existing and new clients and customers. As such, understanding, engaging with and responding to customer needs is a critical priority. Whilst the demands vary significantly, at the most basic level our clients and customers seek to procure quality food and service at a price they feel is value for money. This requires us to have a deep understanding of their sector specific needs and the ability to deliver services effectively.

The CEO, COO and all our senior operational personnel meet directly with our clients on a regular basis. Members of the Board meet regularly and throughout the period visit our different operations and engage with customers. The CEO and COO updates give feedback on our markets, customers and operational performance to our directors at every meeting. Our Divisional and Sector MDs present regularly to the Board of Directors on matters such as operations and customer satisfaction and key retention issues. In addition, a Business Development report is presented and reviewed at each Director meeting.

Quality of food and service delivery are always at the heart of our engagement with clients and customers. Increasingly there is a focus on innovation and our ability to respond to customer and client trends as well as focus on environmental and social responsibility matters.

Feedback from, and engagement with our key client and customer stakeholders, informs the Director's decision making on its approach to new sales bids and retention activity as well as resource allocation and approach to new markets and opportunities.

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Our Investors and Lenders

Engagement with, and receiving the support of, our investors and lenders is a key factor in achieving our goals as a group. We seek long term relationships based on transparency and honesty all of which are critical to building trust.

Investors and lenders are concerned with a broad range of issues including financial and operational performance, developments in our market, execution and delivery of our strategy and the sustainability of our business. Of interest is our continued ability to grow in a sustainable way both through organic growth and strategic M&A activity.

Investors and lenders receive monthly and quarterly management information on financial performance as well as regular business updates from the CFO and CEO.

The key topics of engagement with investors and lenders include developments in our markets and competitive landscape and opportunities for M&A.

Our Suppliers

Our suppliers have a critical role to play in the Group being a market leader in foodservice catering. We aim to build honest, respectful and transparent relationships with suppliers who share our values, ethical standards and commitment to sustainability throughout the supply chain.

Our suppliers are concerned with conduct and ethics, long term partnerships, mutual growth, driving innovation and fair business terms.

We engage with our suppliers through direct relationships with the CEO, COO and CFO and Group Procurement and Supply Chain Director as well as through our Culinary and Operational teams.

Over the past few years, we have worked very closely with our key suppliers to develop award winning and market leading supply chain solutions. Through these solutions we have consolidated the distribution of our products into a single principal distribution partner. This has significantly improved the environmental impact of our supply chain, with a material reduction in our road miles and carbon emissions. In turn the new distribution solution gives us greater flexibility on the products and suppliers that we use through our supply chain which will have benefits for our clients and customers.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Our Community and Environment

We are committed to limiting the impact of our operations on the environment through more sustainable business practices for our stakeholders and the communities in which we operate.

Our communities are primarily concerned with the impact of our operations on the local community, economy and environment and that we operate and conduct our business as a responsible operator.

We engage with our communities through the regular and frequent interaction of the Directors and operational teams with all our client sites and venues.

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

- Sourcing – Targets are based on reduction of road miles, use of local suppliers and SMEs. Initiatives such as "Project 2020" has supported this and working with bodies such as the Marine Conservation Society (MCS) demonstrate wider commitment.
- Environment – This pillar aims to minimise impact on the environment, for example by reducing single use plastics.
- Society – RoSPA Gold ensures a safe environment for employees and customers. Community and industry are supported through apprenticeships, diversity training and paid days leave for managers and supervisors to work with local charities and community bodies, additionally working with industry charities such as The Prince's Trust, Springboard and Hospitality Action.

We have retained key accreditations across the Group including ISO14001, ISO9001 and ISO45001.

ORCHESTRA TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Key Decisions Taken in the Year

The key decisions taken in the early part of the year were predominantly related to the end of the Covid 19 pandemic and how best to navigate the business through the final stages of this to ensure the long-term success of the company and to balance the interests and needs of all our key stakeholders.

Throughout most of 2022 our decision making was also dominated by the knock on impact of the spike in inflation, which was particularly pronounced in food and beverage cost inflation. We continued to use the expertise of our procurement teams to negotiate to minimise the impact of inflation and, where appropriate, to source alternative products. We have kept our clients and site teams regularly updated with procurement and supply chain updates explain the impact of inflationary pressures on categories of products and actions that can be taken to mitigate.

All key issues are reviewed monthly by the investment board, including contract wins and losses, new tenders and exceptional costs such as M&A activity, group restructuring and other projects along with all financial information provided.

As we emerged from the pandemic we re-focussed on growth and as part of this process we refreshed our key sector brands of Gather & Gather and Vacherin for Workplaces and Company of Cooks for venues and destinations catering. We believe that this will have a positive long term effect on our organic growth.

We appointed a new People Director in the year to enhance our focus on people development and talent retention.

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



W J Toner
Director

Date: 19th May 2023

ORCHESTRA TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Ultimate Controlling Party

There is not considered to be a single ultimate controlling party based on the ownership structure of Orchestra Topco Limited.

The largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is included is the group headed by Orchestra Topco Limited.

Results and dividends

The loss for the year, after taxation, amounted to £27.6m (2021: £47.6m loss).

The directors do not recommend the payment of a dividend (2021: £Nil).

Directors

The directors who served during the year were:

A J Richards
E Baker
D C E Geer
T J Jones
M S Musselwhite
N E H Thomas
W J Toner

Financial and operational risks

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

Political donations

During the year, there were no political donations made by the Group (2021: Nil).

Employment of disabled persons

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

Employee involvement

The flow of information to staff across the Group is a key focus for the directors. The directors' engagement with employees of the Group is discussed in detail in the 'Our People' section of our s172 Statement.

Qualifying third party indemnity provisions

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

ORCHESTRA TOPCO LIMITED

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

Future developments

All likely future developments of the business have been disclosed with the Strategic Report.

Going Concern

Basis of preparation of Forecasts

The Directors consider the going concern period to be until the end of calendar year 2024. There are no events beyond this date that affect their going concern assessment. The Directors have prepared forecasts based upon the Group's 2023 budget and forecast for 2024.

The revenue budget is prepared on a site by site basis, and all relevant factors have been considered in the preparation of the budget and forecasts.

The budget and forecasts assume modest net new business growth. Net new business growth is defined as new wins less known losses, and the Directors are comfortable that these are supported by the size and composition of the current sales pipeline, sales conversion rates and retention rates.

The cashflow forecast includes the settlement of all cash interest payable – interest on loan notes is accrued and settled at full term. Capital expenditure is included in the forecast on a based upon known capital expenditure commitments and in addition a prudent forecast of capital expenditure required, that the Directors feel is appropriate to deliver the Group's net growth and retention projections.

The budget and forecast for profit and loss, balance sheet and cash are prepared on a prudent basis. The Directors have also considered downside stress test forecasts. This supports the Directors' belief that there is no material uncertainty about the Group's ability to adopt the going concern basis of preparation of these financial statements or its ability to meet its covenant obligations for the foreseeable future.

All the following factors were also considered by the Directors in adopting the going concern basis of accounting.

For several reasons, the Group's business model is very resilient to any risks that might arise. The majority of the Group's contracts are now cost plus. In almost all contracts, the Group can mitigate the impact of input cost increases through tariff changes that pass on some or all of the impact of cost increases to the end consumer.

Another very important factor that makes the Group's business model very resilient is our ability to change and flex our offering and menu content. This enables the Group to respond very nimbly to changes in raw material costs or availability of products, by changing menus to reflect changing circumstances or by changing the supplier from which products are sourced. The Group's business model has inbuilt mechanisms that allow it to deal with food cost inflation.

The Group has strong relationships with its principal suppliers, and this ensures that the Group and its suppliers are aligned in ensuring that we pay optimum net cost for products and that we take collective action to minimise the impact of food cost inflation.

The Group is not over reliant on any single supplier and has (as a matter of strategy) back up supply in each category. The supply chain is not exposed to the risk of closures etc in any one of its supplier or distributor depots.

Similarly, the Group operates over multiple sites and has very low customer concentration either on a whole contract basis or on an individual site basis and as such has limited exposure to the impact of energy shortages either in its operations or in its supplier sites.

Because of the factors noted above on the resilience of the Group's business model, there is limited risk to the Group due to the conflict in Ukraine. The Group can mitigate any resulting food cost inflation and could remove and or change product should cost or availability be affected by the conflict and to change supplier should they be adversely impacted in an unforeseen way by the conflict.

ORCHESTRA TOPCO LIMITED

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

Going Concern (continued)

Basis of preparation of Forecasts (continued)

Whilst the business reports a loss before tax in its financial statements, this is primarily driven by non-cash items including rolled up (but unpaid) interest and amortisation (which are non-cash and relate to the acquisition activity of the business over recent years). At EBITDA and Cashflow from Operating Activities level, the business generates a positive cashflow, with a reported adjusted EBITDA of £30.6m and Cashflow from Operating Activities of £23.6m in financial year 2022.

Customer concentration

The Directors do not consider there to be any risk from levels of customer concentration: no one client accounts for more than 5% of the Group's revenue. The Directors do not consider there to be a risk of insolvency to any of its customers that would have a material and adverse impact on the Group. There is no significant risk to the Group from the closure of any single site.

Cyber security

The Directors are confident that they have robust processes and systems in place to protect them against cyber-attack. These matters are regularly reviewed at Board meetings and the business has Cyber Essentials Plus accreditation.

The Group has two principal offices (one in Reading and one in central London). All IT and systems are securely backed up to the "Cloud" and the recent pandemic has demonstrated the ability of the Group to function and operate effectively with all support staff working remotely.

ORCHESTRA TOPCO LIMITED

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

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the year are as follows:

Category	Reporting year period 2022	Reporting year period 2021*
Mandatory reporting		
Energy consumption used to calculate emissions: /kWh – optional to provide separate figures for gas, electricity, transport fuel and other energy sources	Gas: 235,572 KWh Electricity: 333,380 KWh Transport fuel: 1,193,097 KWh Business travel (grey fleet): 1,094,061 KWh Total: 2,856,081 KWh	Gas: 297,935 KWh Electricity: 257,534 KWh Transport fuel: 1,358,423 KWh Business travel (grey fleet): 1,702,957 KWh Total: 3,616,849 KWh
Emissions from combustion of gas tCO ₂ e (Scope 1)	43 tCO ₂ e	64 tCO ₂ e
Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	280 tCO ₂ e	320 tCO ₂ e
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	67 tCO ₂ e	56 tCO ₂ e
Total gross tCO ₂ e based on above	390 tCO ₂ e	440 tCO ₂ e
Intensity ratio: tCO ₂ e per employee	1.25 tCO ₂ e / FTE	1.95 tCO ₂ e / FTE
Emissions from business travel employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	347 tCO ₂ e	537 tCO ₂ e
Methodology	Reporting boundaries based on operational control. The 2019 HM Government Environment Reporting Guidelines, GHG Protocol - Corporate Standard and conversion and emissions factors from UK Government Department for Environment Food & Rural Affairs full set of conversion factors 2022 have been used.	
Third Party Verification	No	

**Due to improvement of data collection and reporting, data has been restated for 2021.*

Energy Reduction Initiatives

CH&CO is certified to the ISO 50001, Energy Management System. During 2022, quarterly newsletters were delivered internally on various energy topics to keep employees engaged with the company's commitments on continual improvement of our environmental performance, including energy performance and emissions reduction. Regarding our fleet, CH&CO has a 3-year lease agreement in place for the vehicles. From 2021 any new leased vehicles had to meet an emission threshold of <50g/CO₂, as defined by internal procurement policies. Further, CH&CO continued expanding the number of hybrid and electric vehicles, over petrol or diesel, to achieve further energy and emissions reduction. Overall, compared to 2021, the fleet's low emission's fleet proportion increased just over 30% in 2022.

ORCHESTRA TOPCO LIMITED

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

Corporate Governance arrangements

The Directors have reviewed and are moving towards the Wates Corporate Governance principles for the year ended 31 December 2022. Details of how the Directors have applied the Wates Principles 1, 2, 4 and 5 regarding Purpose and Leadership, Board Composition, Opportunity and Risk, and Remuneration, respectively, are included in the Strategic Report. Details in respect of Principles 3 and 6 regarding Director Responsibilities and Stakeholder Relationships and Engagement, are included within this Report of the Directors and in the s172(1) statement, respectively.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditor

Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

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

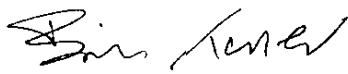
ORCHESTRA TOPCO LIMITED

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

Auditors

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

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



W J Toner
Director

Date: 19th May 2023

ORCHESTRA TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHESTRA TOPCO LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Orchestra Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

ORCHESTRA TOPCO LIMITED

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

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

ORCHESTRA TOPCO LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
 - the nature of the industry, including the design of the Group's remuneration policies;
 - obtaining an understanding of the legal and regulatory framework in which the Group operates, including employment law, and Health and Safety requirements;
 - enquiries of management regarding; compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
 - performing procedures to corroborate the existence of revenues, and consider the risks around the fraudulent recognition of amounts.
- We have responded to risks identified by performing procedures including the following:
 - enquiry of management and external legal counsel concerning actual and potential litigation and claims;
 - performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
 - reading the minutes of meetings of those charged with governance.
- We have also considered the risk of fraud through management override of controls by:
 - sample testing the appropriateness of journal entries and other adjustments;
 - assessing whether the judgements made in making significant accounting estimates are indicative of potential bias in particular relation to impairment of goodwill and intangibles and expected credit loss provision; and
 - discussing with management and those charged with governance whether they are aware of any frauds, or non-compliance with laws and regulations, during the period.

ORCHESTRA TOPCO LIMITED

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

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Paul Etherington BSc FCA CF (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Reading, UK

Date: 19 May 2023

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

ORCHESTRA TOPCO LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £000	As restated Year ended 31 December 2021 £000
	Note		
Revenue	6	372,718	211,839
Cost of sales		(311,471)	(185,809)
Gross profit		61,247	26,030
Other operating income	7	-	13,837
Administrative expenses		(53,425)	(47,580)
Earnings before interest and finance expenses, tax, depreciation and amortisation (EBITDA) and exceptional items, goodwill & intangible asset impairment and release of contingent deferred consideration		30,622	17,944
Exceptional items	9	(4,105)	(4,481)
Amortisation of intangible assets	9	(11,364)	(13,154)
Depreciation of tangible assets	9	(7,331)	(8,186)
Release of contingent and deferred consideration	9	-	164
Profit/(loss) from operations		7,822	(7,713)
Finance income	11	17	-
Finance expense	11	(42,217)	(36,139)
Gain on derivatives	11	5,194	454
Loss before tax		(29,184)	(43,398)
Tax credit/(expense)	12	1,603	(4,157)
Loss for the year		(27,581)	(47,555)

ORCHESTRA TOPCO LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Other comprehensive income/(loss):

Items that will or may be reclassified to profit or loss:

Exchange gain/(loss) arising on translation on foreign operations	90	(119)
Total comprehensive loss	(27,491)	(47,674)
Total comprehensive loss attributable to equity holders of parent	(27,491)	(47,674)

ORCHESTRA TOPCO LIMITED
REGISTERED NUMBER: 11795592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		2022	<i>As restated</i> 2021
	Note	£000	£000
Assets			
Non-current assets			
Property, plant and equipment	13	20,879	20,700
Intangible assets	14	228,797	240,155
Derivative instruments	27	5,891	669
Other receivables	18	2,415	-
Total non-current assets		257,982	261,524
Current assets			
Inventories	17	5,867	4,928
Trade and other receivables	18	77,206	63,583
Cash and cash equivalents		18,316	14,882
Total current assets		101,389	83,393
Total assets		359,371	344,917
Liabilities			
Non-current liabilities			
Loans and borrowings	20	381,524	355,654
Deferred tax liability	12	28,846	30,282
Total non-current liabilities		410,370	385,936
Current liabilities			
Trade and other liabilities	19	91,494	78,077
Loans and borrowings	20	20,934	19,046
Total current liabilities		112,428	97,123
Total liabilities		522,798	483,059
Net liabilities		(163,427)	(138,142)

ORCHESTRA TOPCO LIMITED
REGISTERED NUMBER: 11795592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

		2022	2021
	Note	£000	£000
Issued capital and reserves attributable to owners of the parent			
Share capital	21	1	1
Share premium reserve	22	17,068	17,066
Capital contributions	22	2,204	-
Merger reserve	22	23,387	23,387
Foreign exchange reserve	22	20	(70)
Accumulated losses	22	(206,107)	(178,526)
TOTAL EQUITY		(163,427)	(138,142)

The financial statements on pages 23 to 82 were approved and authorised for issue by the board of directors and were signed on its behalf by:



W J Toner
Director

Date: 19th May 2023

The notes on pages 34 to 82 form part of these financial statements.

ORCHESTRA TOPCO LIMITED
REGISTERED NUMBER: 11795592

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

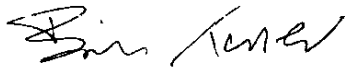
	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Other receivables	18	2,204	-
Total assets		<u>2,204</u>	<u>-</u>
Net assets		<u>-</u>	<u>-</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	21	1	1
Share premium reserve	22	17,068	17,066
Capital contributions	22	2,204	-
Merger reserve	22	23,387	23,387
Accumulated losses	22	(40,456)	(40,454)
TOTAL EQUITY		<u>2,204</u>	<u>-</u>

ORCHESTRA TOPCO LIMITED
REGISTERED NUMBER: 11795592

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

The Company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company's loss for the year was £2.1k (2021: £0.6k).

The financial statements on pages 23 to 82 were approved and authorised for issue by the board of directors and were signed on its behalf by:



W J Toner
Director

Date: 19th May 2023

The notes on pages 34 to 82 form part of these financial statements.

ORCHESTRA TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £000	Share premium £000	Capital Contributions £000	Merger reserve £000	Foreign exchange reserve £000	Accumulated losses £000	Total attributable to equity holders of parent £000	Total equity £000
At 1 January 2022	1	17,066	-	23,387	(70)	(178,526)	(138,142)	(138,142)
Comprehensive loss for the year	-	-	-	-	-	(27,581)	(27,581)	(27,581)
Loss for the year	-	-	-	-	-	(27,581)	(27,581)	(27,581)
Other comprehensive income	-	-	-	-	90	-	90	90
Total comprehensive loss for the year	-	-	-	-	90	(27,581)	(27,491)	(27,491)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-
Issue of share capital	-	2	-	-	-	-	2	2
Capital contributions	-	-	2,204	-	-	-	2,204	2,204
Total contributions by and distributions to owners	-	2	2,204	-	-	-	2,206	2,206
At 31 December 2022	1	17,068	2,204	23,387	20	(206,107)	(163,427)	(163,427)

The notes on pages 34 to 82 form part of these financial statements.

ORCHESTRA TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Accumulated Losses £000	Total attributable to equity holders of parent £000	Total equity £000
At 1 January 2021	1	17,065	23,387	49	(130,038)	(89,536)	(89,536)
Adjustment to prior year	-	-	-	-	(933)	(933)	(933)
At 1 January 2021 as restated	1	17,065	23,387	49	(130,971)	(90,469)	(90,469)
Comprehensive loss for the year							
Loss for the period as restated	-	-	-	-	(47,555)	(47,555)	(47,555)
Other comprehensive loss	-	-	-	(119)	-	(119)	(119)
Total comprehensive loss for the year as restated	-	-	-	(119)	(47,555)	(47,674)	(47,674)
Contributions by and distributions to owners							
Issue of shares, net of costs	-	1	-	-	-	1	1
Total contributions by and distributions to owners	-	1	-	-	-	1	1
At 31 December 2021 as restated	1	17,066	23,387	(70)	(178,526)	(138,142)	(138,142)

The notes on pages 34 to 82 form part of these financial statements.

ORCHESTRA TOPCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium £000	Capital contributions £000	Merger reserve £000	Accumulated Losses £000	Total equity £000
At 1 January 2021	1	17,065	-	23,387	(40,453)	-
Comprehensive loss for the year						
Loss for the period	-	-	-	-	(1)	(1)
Contributions by and distributions to owners						
Issue of shares, net of costs	-	1	-	-	-	1
Total contributions by and distributions to owners	-	1	-	-	-	1
At 31 December 2021	1	17,066	-	23,387	(40,454)	-
At 1 January 2022	1	17,066	-	23,387	(40,454)	-
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(2)	(2)
Contributions by and distributions to owners						
Issue of shares, net of costs	-	2	-	-	-	2
Capital contributions	-	-	2,204	-	-	2,204
Total contributions by and distributions to owners	-	-	2,204	-	-	2,204
At 31 December 2022	1	17,068	2,204	23,387	(40,456)	2,204

The notes on pages 34 to 82 form part of these financial statements.

ORCHESTRA TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	As restated 2021
	£000	£000
Cash flows from operating activities		
Loss for the year	(27,581)	(47,555)
Adjustments for		
Depreciation of property, plant and equipment	3,689	3,999
Depreciation on right-of-use-assets	3,642	4,187
Amortisation of intangible fixed assets	11,364	13,154
Release of deferred consideration	-	(164)
Finance income	(17)	-
Gain on derivative instruments	(5,194)	(454)
Finance expense	42,217	36,139
(Gain) on sale of property, plant and equipment	(569)	(2,222)
Income tax (credit)/expense	(1,603)	4,157
	25,948	11,241
Movements in working capital:		
Increase in trade and other receivables	(14,757)	(4,468)
Increase in inventories	(918)	(655)
Increase in trade and other payables	11,867	15,491
Cash generated from operations	22,140	21,609
Income taxes refunded/(paid)	1,494	(1,125)
Net cash generated from operating activities	23,634	20,484

ORCHESTRA TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	<i>As restated</i> 2021
	£000	£000
Cash flows used in investing activities		
Purchases of property, plant and equipment	(3,302)	(5,064)
Proceeds from sale of property, plant and equipment	6	514
Purchase of intangibles	-	(6)
Finance income received	12	-
Payment of deferred consideration	-	(2,534)
Purchase of derivative instruments	(190)	(215)
Net cash used in investing activities	(3,474)	(7,305)
 Cash flows from financing activities		
Issue of share capital	2	1
Repayment of lease capital	(3,640)	(2,506)
Interest paid on loans and leases	(13,272)	(10,457)
Net cash (used in) financing activities	(16,910)	(12,962)
Net cash increase in cash and cash equivalents	3,250	217
Effects of FX changes	184	(166)
 Cash and cash equivalents at the beginning of year	14,882	14,831
Cash and cash equivalents at the end of the year	18,316	14,882
 Cash and cash equivalents are made up as follows		
Cash	18,316	14,882
Net cash	18,316	14,882

Right of use asset additions and disposals are non-cash transactions and have therefore been excluded from the above numbers for purchase of/proceeds from sales of property, plant and equipment.

Repayment of leases £3.6m refers to capital portion only; interest portion (£0.5m) included in interest paid on loans and leases line. £0.3m interest and £(0.1m) of lease payments shown in note 24 are non-cash adjustments.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Reporting entity

Orchestra Topco Limited (the 'Company') is a limited company incorporated and domiciled in England and Wales (registered number: 11795592). The Company's registered office is at 550 Second Floor, Thames Valley Park, Reading, RG6 1PT. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in providing catering and service solutions to a diverse range of customers in the outsourced food service market.

2. Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company's individual financial statements are prepared in accordance with FRS 101. They were authorised for issue by the Company's board of directors.

Details of the Group's accounting policies, including changes during the year, are included in note 3. The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of Comprehensive Income in these financial statements.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new, but not yet effective, accounting standards; and
- disclosures in respect of the compensation of key management personnel.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

Following a review in the current year of loans and borrowings, an error has been noted relating to accrued loan note interest in the prior year financial statements. Additionally, a presentational error has been noted regarding the offset of deferred tax assets and liabilities on the Statement of Financial Position. The errors have been corrected in these financial statements – see note 25 for further details.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value through profit or loss (refer to individual accounting policies for details).

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2.1 Impact of new accounting standards

New and amended Standards and Interpretations adopted by the Group and Company

- IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities.
- IAS 37: Onerous contracts – cost of fulfilling a contract.

The above amendments to Standard take effect for accounting periods beginning 1 January 2022 and have been adopted by the Group. There have not been any adjustment required to the Group's accounts as a result.

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2022

- Amendment to IAS 1: "Classification of Liabilities as Current or Non-current".
- Amendment to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction'.
- IAS 8: Definition of accounting estimates.
- IAS 1: Disclosure initiative – accounting policies.
- IFRS 16: Leases (Amendment - Liability in a Sale and Leaseback)

The Group is currently assessing the impact of these new accounting standards and amendments. At the date of signing of these financial statements, these standards are not yet all UK endorsed. The Group does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the group.

3. Accounting policies

3.1 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 December each year. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from publishing its individual income statement, statement of other comprehensive income and related notes.

3.2 Going concern

Basis of preparation of Forecasts

The Directors consider the going concern period to be until the end of calendar year 2024. There are no events beyond this date that affect their going concern assessment. The Directors have prepared forecasts based upon the Group's 2023 budget and forecast for 2024.

The revenue budget is prepared on a site by site basis, and all relevant factors have been considered in the preparation of the budget and forecasts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.2 Going concern (continued)

Basis of preparation of Forecasts (continued)

The budget and forecasts assume modest net new business growth. Net new business growth is defined as new wins less known losses, and the Directors are comfortable that these are supported by the size and composition of the current sales pipeline, sales conversion rates and retention rates.

The cashflow forecast includes the settlement of all cash interest payable – interest on loan notes is accrued and settled at full term. Capital expenditure is included in the forecast on a based upon known capital expenditure commitments and in addition a prudent forecast of capital expenditure required, that the Directors feel is appropriate to deliver the Group's net growth and retention projections.

The budget and forecast for profit and loss, balance sheet and cash are prepared on a prudent basis. The Directors have also considered downside stress test forecasts. This supports the Directors' belief that there is no material uncertainty about the Group's ability to adopt the going concern basis of preparation of these financial statements or its ability to meet its covenant obligations for the foreseeable future.

All the following factors were also considered by the Directors in adopting the going concern basis of accounting.

For several reasons, the Group's business model is very resilient to any risks that might arise. The majority of the Group's contracts are now cost plus. In almost all contracts, the Group can mitigate the impact of input cost increases through tariff changes that pass on some or all of the impact of cost increases to the end consumer.

Another very important factor that makes the Group's business model very resilient is our ability to change and flex our offering and menu content. This enables the Group to respond very nimbly to changes in raw material costs or availability of products, by changing menus to reflect changing circumstances or by changing the supplier from which products are sourced. The Group's business model has inbuilt mechanisms that allow it to deal with food cost inflation.

The Group has strong relationships with its principal suppliers, and this ensures that the Group and its suppliers are aligned in ensuring that we pay optimum net cost for products and that we take collective action to minimise the impact of food cost inflation.

The Group is not over reliant on any single supplier and has (as a matter of strategy) back up supply in each category. The supply chain is not exposed to the risk of closures etc in any one of its supplier or distributor depots.

Similarly, the Group operates over multiple sites and has very low customer concentration either on a whole contract basis or on an individual site basis and as such has limited exposure to the impact of energy shortages either in its operations or in its supplier sites.

Because of the factors noted above on the resilience of the Group's business model, there is limited risk to the Group due to the conflict in Ukraine. The Group can mitigate any resulting food cost inflation and could remove and or change product should cost or availability be affected by the conflict and to change supplier should they be adversely impacted in an unforeseen way by the conflict.

Whilst the business reports a loss before tax in its financial statements, this is primarily driven by non-cash items including rolled up (but unpaid) interest and amortisation (which are non-cash and relate to the acquisition activity of the business over recent years). At EBITDA and Cashflow from Operating Activities level, the business generates a positive cashflow, with a reported adjusted EBITDA of £30.6m and Cashflow from Operating Activities of £23.6m in financial year 2022.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment 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 its carrying amount, 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Revenue recognition

Revenue and contract costs

Revenue represents income derived from contracts for the provision of food and services by the Group to customers in exchange for consideration in the normal course of business. The Group's revenue is comprised of revenues under its contracts with clients. Clients engage the Group to provide food and services at their locations. Depending on the type of client and service, we are paid either by our client and/or directly by the consumers to whom we have been provided access by our client, such as the client's employees, visitors, pupils, patients and spectators. Payment terms are set at contract level and vary according to sector and individual client.

Performance obligations

The Group recognises revenue when its performance obligations are satisfied. Performance obligations are satisfied as control of the goods and services is transferred to the client and/or consumers. In certain cases, clients engage us to provide food and services in a single multi service contract. We recognise revenue for each separate performance obligation in respect of food and services as these are provided. There is little judgement involved in determining if a performance obligation has been satisfied. At contract inception, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract. Performance obligations are usually clearly identified within contracts and revenue is recognised for each separate performance obligation. Generally, where the Group has the obligation to its clients to make available the provision of food service for a predetermined period, its performance obligation represents a series of services delivered over time. There are also contracts under which the Group sells products directly to consumers and these performance obligations represent a transfer of a good at a point in time.

Transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding value added tax and similar sales taxes. For example, the transaction price may be based on a price per meal, which may vary with volume, or could be based on costs incurred plus an agreed management fee. The Group makes a variety of ongoing payments to clients, mainly commissions and concession rentals. These are assessed for treatment as consideration paid to customers and where they are not in exchange for a distinct good or service they are recognised as a reduction of the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.4 Revenue recognition (continued)

Timing of revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. The Group has determined that most of its performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the Group as the food service and/or services are rendered at the client site. In these circumstances, revenue is recognised at the amount which the Group has the right to invoice, where that amount corresponds directly with the value to the customer of the Group's performance completed to date. Where the Group is contracted to sell directly to consumers, for example in a retail café concession, the performance obligation is satisfied at a point in time, namely when the products are sold to the consumer. The nature, amount, timing and uncertainty of revenue and cash flows for performance obligations within a contract that are satisfied over time and at a point in time are considered to be similar and they are affected by the same economic factors.

Costs to obtain a contract

Costs incurred during the bidding period, prior to a contract being awarded, are expensed to the income statement. Costs incurred in securing the contract after preferred bidder status has been obtained are generally expensed as incurred, unless they fulfil the conditions for capitalisation as an asset. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

Costs to fulfil a contract

Costs incurred in the fulfilment of the Group's obligations to the client under the contract are recognised in the consolidated balance sheet and include contributions towards service assets, such as kitchen and restaurant fit out costs and equipment, which are capitalised as contract fulfilment assets. Contract fulfilment costs covered within the scope of another accounting standard, such as property, plant and equipment and intangible assets, are not capitalised as contract fulfilment assets but are treated according to other standards.

Utilisation, derecognition and impairment of contract fulfilment assets and capitalised costs to obtain a contract

Contract fulfilment assets are amortised on a straight-line basis over the shorter of the life of the client contract and the useful economic life of the assets. The amortisation charge is included within operating costs. Costs incurred to obtain a contract are unwound over the life of the client contract as an expense. Capitalised costs are derecognised either when disposed of or when no further economic benefits are expected to flow from their use or disposal. Whenever impairment indicators exist, the Group determines the recoverability of the contract fulfilment assets and capitalised costs to obtain a contract by comparing their carrying amount to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

Rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume related rebates. Income from value and volume related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period. This is recognised as a reduction in cost of sales in the statement of total comprehensive income.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.5 Leasing

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, *except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets*. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Where variable lease payments are included as described above, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The lease liability is included in the 'Loans and borrowings' line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' line in the Consolidated Statement of Financial Position.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.5 Leasing (continued)

Right-of-use assets (continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.8.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Embedded leases within revenue contracts are accounted for under IFRS 16 as right-of-use assets.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Customer relationships	10 - 20 years
Preferred supplier agreement	12 years
Brand name	10 - 15 years
Software development	3 - 5 years

3.10 Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

3.12 Pensions

Defined contribution pension plan

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

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

3.13 Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are derecognised when they are discharged or when the contractual terms expire.

The Group's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

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

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

Fair value through profit or loss

This category comprises in-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised on the consolidated statement of comprehensive income. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any other financial assets at fair value through profit or loss.

Amortised cost

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

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.13 Financial Instruments (continued)

Financial assets (continued)

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed.

This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within overheads in the profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. The Group's historic credit losses are considered to be minimal, and the directors consider that this position will continue going forward, and therefore lifetime credit losses would be immaterial to the Group as a whole.

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

Financial liabilities

Classification

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

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest rate benchmark reform

Modifications to financial instruments which meet both of the following conditions are not considered a normal modification rather the effective interest rate is amended with no gain or loss on modification:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.13 Financial instruments (continued)

Financial liabilities (continued)

De-recognition of liabilities

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

Other financial liabilities

Other financial liabilities include the following items:

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

3.14 Current and deferred taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Total Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.14 Current and deferred taxation (continued)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.15 Exceptional items

Exceptional items are transactions that result from the operating activities of the Group but are separately disclosed due to their exceptional, non-recurring nature. These can include (but are not limited to) restructuring, M&A activity and, since 2020, incremental costs explicitly linked to the Covid-19 pandemic.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

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

5. Accounting estimates and judgements

5.1 Judgement

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

Impairment of intangible fixed assets

The directors must assess annually whether intangible assets have been impaired during the period for goodwill and other intangible assets with indefinite useful life. For other intangible assets, an assessment for impairment is only made when an indicator of impairment is present. The cost-of-living crisis and the war in Ukraine are significant external indicators of impairment so a test has been carried out.

Factors taken into consideration when testing for impairment include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Where indications of impairment exist over a cash-generating unit an impairment test is performed using a discounted cash flow model as at the period end.

5.2 Estimates and assumptions

Impairment of intangible fixed assets

The key estimates and assumptions that feature in the impairment test is the selection of an appropriate pre-tax discount rate relative to the specific risks of the cash-generating unit and the preparation of pre-tax cash flows using director approved forecasts with growth rates that represent the directors' best estimates.

Impairment of goodwill

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

More information relating to impairment of intangible assets, including goodwill, is included in note 16.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Accounting estimates and judgements (continued)

5.2 Estimates and assumptions (continued)

Useful economic lives of goodwill and other intangible fixed assets

Other intangible assets are amortised over their estimated useful lives with the charge recorded in administrative expenses. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to profit or loss in specific periods. More details including carrying values are included in note 16.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Revenue

Revenue is derived from the following sectors:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Workplaces	216,160	115,055
Education & Healthcare	45,511	42,838
Destinations	64,425	33,993
Venues & Liveries	29,557	12,705
Events	17,065	7,248
	372,718	211,839

Analysis of revenue by country of destination:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
United Kingdom	347,676	203,211
Rest of Europe	25,042	8,628
	372,718	211,839

Revenue is derived almost entirely from the United Kingdom with the exception of 6.7 % (2021: 4.1 %) of the Group's revenue which is derived from the Republic of Ireland.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Other operating income

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Coronavirus Job Retention Scheme	-	13,837

Other operating income relating to the Coronavirus Job Retention Scheme has been recognised on a gross basis.

8. Auditor's remuneration

	2022 £000	2021 £000
Fees payable for audit services in respect of the Parent Company	35	35
Fees payable for audit services in respect of the subsidiary companies of the Group	515	595
Non-audit taxation services	-	5
	<u>550</u>	<u>635</u>

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Expenses by nature

	Year ended 31 December 2022 £000	<i>Year ended 31 December 2021 £000</i>
Raw materials and consumables used	140,063	74,113
Gain on disposal of property, plant and equipment	(569)	(2,222)
Depreciation of property, plant and equipment	3,689	3,999
Depreciation of right-of-use assets	3,642	4,187
Amortisation of intangible assets	11,364	13,154
Exceptional items	4,105	4,481
Release of contingent and deferred consideration	-	(164)

Exceptional items in 2022 relate to:

- transaction costs relating to M&A in the period are £1.2m (2021: £0.6m).
- costs relating to the restructuring and integration of acquired business are £0.8m (2021: £0.5m).
- restructuring and other costs in response to the prolonged reduction in activity levels as a result of the pandemic restrictions £Nil (2021: £2.1m).
- exit costs relating to the closure of a regional office and consolidation of support functions £0.5m (2021: £0.2m).
- other exceptional costs including site exit and other costs due to Covid-19, refinancing and transformative development of systems and processes £1.6m (2021: £1.1m).

10. Employee benefit expenses

Group

	Year ended 31 December 2022 £000	<i>Year ended 31 December 2021 £000</i>
Employee benefit expenses (including directors) comprise:		
Wages and salaries	166,403	113,941
Social security costs	13,387	9,150
Defined contribution pension cost	5,348	3,881
	<u>185,138</u>	<u>126,972</u>

The Company does not employ any staff.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Employee benefit expenses (continued)

Directors' emoluments

The Directors were remunerated for their services to the Group and their emoluments are disclosed below.

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Aggregate emoluments	895	759
Defined contribution pension cost	16	7
	<u>911</u>	<u>766</u>

The highest paid director received remuneration of £310k (2021: £266k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12k (2021: £Nil).

The number of directors to whom retirement benefits are accrued under money purchase pension schemes in respect of qualifying services is 2 (2021: 2).

The two Equistone nominated directors are not remunerated by the Group.

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	Year ended 31 December 2022 No.	Year ended 31 December 2021 No.
Administration	302	248
Catering	8,308	5,163
	<u>8,610</u>	<u>5,411</u>

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Finance income and expense

Recognised in profit or loss

	Year ended 31 December 2022 £000	<i>As restated Year ended 31 December 2021 £000</i>
Finance income		
Interest on:		
Other interest received	17	-
Gain on derivatives	5,194	454
Total Finance income	<u>5,211</u>	<u>454</u>
 Finance expense		
Interest expense on bank loans	18,126	15,156
Interest expense on leases	770	692
Interest expense on loan notes	22,930	19,959
Interest on Time to Pay arrangements	230	149
Other costs of borrowing	161	183
 Total finance expense	<u>42,217</u>	<u>36,139</u>
 Net finance expense recognised in profit or loss	<u><u>37,006</u></u>	<u><u>35,685</u></u>

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tax (credit)/expense

12.1 Income tax recognised in profit or loss

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Current tax		
Current tax on losses for the year	44	41
Adjustment in respect of prior periods	(210)	256
Total current tax	<u>(166)</u>	<u>297</u>
Deferred tax expense		
Origination and reversal of temporary differences	(663)	(3,381)
Prior year adjustment	(774)	547
Impact of changes in tax rates	-	6,694
Total deferred tax	<u>(1,437)</u>	<u>3,860</u>
 Tax (credit)/expense	 <u>(1,603)</u>	 <u>4,157</u>
Total income tax (credit)/expense	<u><u>(1,603)</u></u>	<u><u>4,157</u></u>

Included within current tax on losses for the year there is foreign tax of £44k (2021: £41k).

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tax (credit)/expense (continued)

12.1 Income tax recognised in profit or loss (continued)

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

	2022	<i>As restated</i> 2021
	£000	£000
Loss for the year	(27,581)	(47,555)
Income tax credit/(expense)	1,603	(4,157)
Loss before income taxes	(29,184)	(43,398)
Tax using the Company's domestic tax rate of 19% (2021: 19%)	(5,545)	(7,588)
Fixed asset differences	168	156
Expenses not deductible for tax purposes	4,928	4,180
Other permanent differences	-	(126)
Other tax adjustments, reliefs and transfers	(170)	38
Adjustments in respect of prior periods	(984)	803
Rate change adjustment	-	6,694
Total tax (credit)/expense	(1,603)	4,157

An immaterial amount of £2.7m for the prior year has moved from "Deferred tax asset not recognised" to "Expenses not deductible for tax purposes". "Deferred tax asset not recognised" is therefore £nil for the current and prior year and is not shown in the table above.

Changes in tax rates and factors affecting the future tax charges

The Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the below deferred tax balances.

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tax (credit)/expense (continued)

12.2 Deferred tax balances

The following is the analysis of deferred liabilities presented in the consolidated statement of financial position:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Deferred tax assets	7,161	6,627
Deferred tax liabilities	(36,007)	(36,909)
Net deferred tax liability presented	(28,846)	(30,282)

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% or 25% dependent on timing.

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

The Group has no unrecognised gross deferred tax asset in respect of trading losses carried forward, temporary fixed asset and short term differences.

The movements in deferred tax assets and liabilities during the period are shown below:

	Asset 2022 £000	Liability 2022 £000	Net 2022 £000	Charged to profit or loss 2022 £000
Accelerated capital allowances	1,124	-	1,124	54
Other temporary and deductible differences	-	(1,228)	(1,228)	1,234
Available losses	6,037	-	6,037	179
Arising from business combinations	-	(34,779)	(34,779)	(2,130)
Tax asset/(liability)	7,161	(36,007)	(28,846)	(663)

Deferred tax assets, relating to available tax losses carried forward, have been recognised in full as the losses arose due to the exceptional impact of COVID on trading, and the Directors expect post-COVID trading to generate sufficient taxable profits during 2022 and 2023 to utilise these losses.

The amounts arising from business combinations related to deferred tax on related intangible assets arising on business combinations in prior years.

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Property, plant and equipment

Group

	Site improvements £000	Motor vehicles £000	Office equipment, fixtures and fittings £000	Computer equipment £000	Right of use assets £000	Total £000
Cost						
At 1 January 2021	4,911	588	28,036	5,979	21,530	61,044
Additions	25	-	4,678	361	5,716	10,780
Disposals	(350)	-	(1,168)	(26)	(9,843)	(11,387)
Reclassification	2,396	(77)	(2,885)	566	-	-
Effects of movement in exchange rates	-	-	(46)	-	-	(46)
At 31 December 2021	6,982	511	28,615	6,880	17,403	60,391
Additions	424	-	2,570	308	4,327	7,629
Disposals	-	-	(314)	(149)	(36)	(499)
Effects of movement in exchange rates	-	-	75	2	-	77
At 31 December 2022	7,406	511	30,946	7,041	21,694	67,598

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Property, plant and equipment (continued)

	Site improvements £000	Motor vehicles £000	Office equipment, fixtures and fittings £000	Computer equipment £000	Right of use assets £000	Total £000
Accumulated depreciation						
At 1 January 2021	4,446	557	21,170	4,902	6,319	37,394
Charge for the year	350	7	3,034	608	4,187	8,186
Disposals	(339)	(1)	(373)	(134)	(5,018)	(5,865)
Reclassifications & transfers	2,319	(86)	(2,897)	664	-	-
Effects of movement in exchange rates	-	-	(24)	-	-	(24)
At 31 December 2021	6,776	477	20,910	6,040	5,488	39,691
Charge for the year	169	7	2,987	526	3,642	7,331
Disposals	-	-	(276)	(50)	(30)	(356)
Effects of movement in exchange rates	-	-	53	-	-	53
At 31 December 2022	6,945	484	23,674	6,516	9,100	46,719
Net book value						
At 1 January 2021	465	31	6,866	1,077	15,211	23,650
At 31 December 2021	206	34	7,705	840	11,915	20,700
At 31 December 2022	461	27	7,272	525	12,594	20,879

Right of use assets classification is shown in note 24.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Intangible assets

Group

	Goodwill	Customer relationships	Preferred supplier agreement	Brand name	Software development	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2021	137,684	162,196	3,097	33,871	452	337,300
Additions	-	-	-	-	6	6
Other	-	-	-	-	(7)	(7)
At 31 December 2021	137,684	162,196	3,097	33,871	451	337,299
Additions	-	-	-	-	6	6
At 31 December 2022	137,684	162,196	3,097	33,871	457	337,305

	Goodwill	Customer relationships	Preferred supplier agreement	Brand name	Software development	Total
	£000	£000	£000	£000	£000	£000
Accumulated amortisation and impairment						
At 1 January 2021	48,815	29,498	344	5,184	149	83,990
Amortisation for the year	-	10,730	258	2,018	148	13,154
At 31 December 2021	48,815	40,228	602	7,202	297	97,144
Amortisation for the year	-	9,157	258	1,793	156	11,364
At 31 December 2022	48,815	49,385	860	8,995	453	108,508

Net book value

At 31 December 2021	88,869	121,968	2,495	26,669	154	240,155
At 31 December 2022	88,869	112,811	2,237	24,876	4	228,797

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Investments

Investments held directly and indirectly by Orchestra Topco Limited and consolidated into the consolidated financial statements are as follows:

Name	Country of incorporation	Registered No.	Proportion of owner- ships as at 31 December 2022	Principal activity
Orchestra Midco Limited	United Kingdom	11795652	100%	Holding Company
Orchestra Holdco Limited	United Kingdom	11795699	100%	Holding Company
Orchestra Bidco Limited	United Kingdom	11795749	100%	Holding Company
CH & Co Catering Group (Holdings) Limited	United Kingdom	9504990	100%	Holding Company
CH & Co Catering Group Limited	United Kingdom	9505062	100%	Holding Company
CH & Co Catering Limited	United Kingdom	2613820	100%	Catering services
HCMGH Limited	United Kingdom	9005752	100%	Dormant Company
Host Management Ltd	United Kingdom	4759938	100%	Dormant Company
Catermasters Contract Catering (Holding) Company Limited	United Kingdom	8092736	100%	Dormant Company
Catermasters Contract Catering Limited	United Kingdom	3820136	100%	Dormant Company
Ensemble Combined Services Limited	United Kingdom	7459986	100%	Dormant Company
Juice for Life Ltd***	United Kingdom	5402911	100%	Dormant Company
Bite Catering Limited***	United Kingdom	5097580	100%	Dormant Company
The Brookwood Partnership Limited	United Kingdom	3271727	100%	Dormant Company
Absolutely Catering Limited	United Kingdom	6313610	100%	Catering services
Harbour & Jones Limited	United Kingdom	5016914	100%	Dormant Company
Upfront Reception Services Limited	United Kingdom	9156540	100%	Dormant Company
Principal Catering Consultants Limited	United Kingdom	2419830	100%	Catering services
Concerto Group Holdings Limited	United Kingdom	6459580	100%	Dormant Company
Concerto Group Limited	United Kingdom	2063425	100%	Dormant Company
Concerto Events Limited	United Kingdom	2316740	100%	Dormant Company
Create Food Limited	United Kingdom	2857354	100%	Catering services
Delfina Events Limited*	United Kingdom	6026055	100%	Dormant Company
Touch of Taste Limited**	United Kingdom	1989192	100%	Dormant Company
Ultimate Experience Limited	United Kingdom	7804608	100%	Dormant Company
Inspire Catering Scotland LLP	United Kingdom	S0301918	100%	Catering services
Gather & Gather Limited	United Kingdom	3610591	100%	Catering services
Creativevents Limited	United Kingdom	3365722	100%	Dormant Company
Gather & Gather Ireland Limited	Ireland	654479	100%	Catering services
Company of Cooks Ltd	United Kingdom	3395673	100%	Holding Company
Public Restaurant Partner Limited	United Kingdom	5111519	100%	Catering services
Vacherin Limited	United Kingdom	4516461	100%	Catering services

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Investments (continued)

- * Dissolved via voluntary strike-off on 6 July 2022
- ** Dissolved via voluntary strike-off on 26 February 2022
- *** In Members Voluntary Liquidation

The registered office of Inspire Catering Scotland LLP is Kings Park House, Laurelhill Business Park, Stirling, Scotland, FK7 9JQ.

The registered office of Gather & Gather Ireland Limited is 79 Fitzwilliam Lane, Dublin 2.

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

Orchestra Topco Limited has given statutory guarantees against all the outstanding liabilities of all the wholly owned subsidiaries as at 31 December 2022. This thereby allows dormant subsidiaries to be exempt from the requirement to prepare and file annual accounts under Section 394A of the Companies Act, and non-dormant subsidiaries to be exempt from the annual audit requirement under Section 479A of the Companies Act, for the year ended 31 December 2022.

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Goodwill, intangible fixed assets and impairment

In accordance with accounting standards, the Group undertakes an annual review of Goodwill and Intangible Fixed Assets (IFAs).

The Group evaluates impairment with reference to the sectors in which it operates as the Cash Generating Units (CGUs).

These CGUs are:

- Workplaces
- Education and Healthcare
- Destinations
- Events
- Venues and Liveries

Goodwill represents the excess of the consideration over the fair value of the net assets acquired on the purchase of the subsidiary companies. In accordance with IFRS, this balance is not amortised and is subject to annual impairment reviews. Goodwill has been allocated to each cash-generating unit based on Purchase Price Allocation exercises (PPAs) carried out on behalf of management at 4 points:

- transfer of control of the Group to Equistone partners on 31st May 2019;
- acquisition of Gather & Gather (both UK and Ireland) on 6th September 2019;
- acquisition of Company of Cooks on 30th September 2019; and
- acquisition of Vacherin on 28th February 2020.

The original PPA for the whole Group in existence at 31st May 2019 allocated Goodwill and IFAs across the sectors as part of the exercise. The PPAs for subsequent acquisitions provided a value for Goodwill and IFAs for the company (or companies) acquired and that has then been allocated across sectors based on the split of revenue at acquisition. All IFA's have been amortised in line with useful economic lives determined by management at each relevant acquisition date.

Allocation of Goodwill and IFAs cost, impairment and accumulated amortisation at 31st December 2022 were as follows:

	Workplaces	Education & Healthcare	Destinations	Events	Venues & Liveries	Group Total
Cost	153,240	58,329	62,898	15,441	47,397	337,305
Impairment	-	(16,428)	(16,510)	-	(31,669)	(64,607)
Amortisation	(22,818)	(5,968)	(7,402)	(2,358)	(5,355)	(43,901)
NBV at 31 December 2022	130,422	35,933	38,986	13,083	10,373	228,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Goodwill, intangible fixed assets and impairment (continued)

Carrying value of intangibles and goodwill

In order to determine if there has been any impairment, management has prepared calculations for the forecast of present value of future cash flows of each CGU based on prudent 5-year projections ending in a terminal growth assumption. Forecasts are based on the following assumptions:

- Forecast for 2023 is based on budget prepared by management and approved by the board.
- Revenue for 2024 to 2027 has been forecast to have steady growth of 2% on average each year (pre-inflation) based on a assessment of new wins. Inflation has then been included at 4%.
- The 2023 and 2024 forecasts have been approved by the board.
- All budgets and forecasts used are the same as those used for Going Concern determinations.
- Terminal growth after year five has been assumed as 2%. This matches the Bank of England's target inflation, so represents only inflationary growth.
- Working capital cash flow has been based on a split of the current balance sheet as at 31st December 2022. The split by CGU has been done using appropriate allocations according to the nature of the balance sheet items.
- Discount rates for each CGU which have been determined by external advisors in analysis carried out in early 2023. The calculations have been prepared on a pre-tax basis, and accordingly a pre-tax discount rate has been used. The discount rate used for all CGUs is 16%.
- The tax rate used is 25% as the majority of the forecast periods will be at that rate.
- Forecast overhead spend is expected to reduce at 0.5% of revenue per year until 2026 then remain at a fixed percentage of revenue. This decline represents economies of scale from systems currently being implemented reducing the need to increase overheads as the business grows.
- Capital expenditure is forecast at 1.25% (2021: 0.9%) of revenue per year as management has determined that this is typically the percentage of spend defined in customer contracts.
- In determining any impairment, the net liabilities of £4.1m have also been allocated across CGUs, pro-rated according to the relative revenue for each sector.

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Goodwill, intangible fixed assets and impairment (continued)

Fair Value

A summary of findings is as follows:

	Workplaces	Education & Healthcare	Destinations	Events	Venues & Liveries	Group Total
NBV Goodwill	52,195	15,219	16,489	4,966	-	88,869
NBV IFA	78,227	20,714	22,497	8,117	10,373	139,928
Net (Liabilities)/Assets	(1,221)	(7,520)	(43)	(3,929)	8,578	(4,135)
Total carrying value before impairment	129,201	28,413	38,943	9,154	18,951	224,662
Fair value	185,979	36,729	48,049	12,114	21,687	304,558
Fair value less carrying amount	56,778	8,316	9,106	2,960	2,736	79,896

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections. These are the fair values referenced above.

A sensitivity analysis has also been prepared, looking at how changes in assumptions would cause the carrying value to reduce so that the excess of carrying value over fair value is nil. A summary of this analysis is as follows:

	Workplaces	Education & Healthcare	Destinations	Events	Venues & Liveries
A change in discount rate	38.8%	24.8%	20.4%	26.8%	12.5%
A change in revenue growth in year 2	-581.7%	-278.7%	-367.0%	-126.9%	-242.6%
A change in revenue growth from year 3-5, but terminal growth remaining constant	-36.7%	-27.1%	-23.1%	-28.5%	-15.4%
A change in WC cash generation in year 1	-6121.0%	17869.6%	-7164.8%	-31801.8%	6208.9%

In the year ended 31 December 2020, IFA's of the Venues CGU were impaired by £15.8m. The Group is required to assess this impairment to determine if any amount should be reversed. The impairment calculation as shown above suggests that £2.7m of this impairment could be reversed in 2022.

Although the performance of the CGU has improved as part of the recovery post the Covid-19 pandemic, the current performance of the CGU is not ahead of where the CGU expected to be for the financial year ended 31 December 2022. This is considered to be due to the current downturn in the market as a result of the cost-of-living crisis, which is reducing discretionary spend and increasing costs, and this is reflected in the forecasts through a forecast decrease in revenue and costs of 8% for the year ended 31 December 2023.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Goodwill, intangible fixed assets and impairment (continued)

As a result, the directors do not feel it is appropriate to reverse the impairment loss on the basis that any significant change with a favourable effect on the CGU due to post-Covid recovery is currently offset by the cost-of-living crisis.

It is therefore the conclusion of management that there has been no impairment of Goodwill, but also that there is no supportable basis for reversing the current impairment of intangible fixed assets.

17. Inventories

Group

	2022	2021
	£000	£000
Raw materials	5,867	4,928

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Trade and other receivables

Group

	2022	2021
	£000	£000
Current		
Trade receivables	50,682	30,536
Trade receivables - net	50,682	30,536
Prepayments and accrued income	16,582	18,518
Other receivables	9,942	14,529
Total current trade and other receivables	77,206	63,583
Non-current		
Other receivables	2,415	-
Total non-current receivables	2,415	-

Prepayments of £3.6m (2021: £4.7m) includes software licences, insurance and rental costs.

Accrued income of £13.0m (2021: £13.8m) consists of client billing £6.7m (2021: £7.9m) and CTC receivables of £6.3m (2021: £5.9m).

Included in other receivables are corporation tax debtor £0.5m (2021: £1.8m), other amounts due from HMRC of £1.7m (2021: £2.3m) and deferred costs £3.7m (2021: £4.7m).

As at 31 December 2022 trade receivables of £0.2m (2021: £0.5m) had lifetime expected credit losses of the full value of the receivables.

The main factors considered by the directors in determining the lifetime expected credit losses are that the customers are unlikely to meet their obligation as they fall due, the debts are 3 months or more past due and therefore unrecoverable. The ageing of these receivables is noted below.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Trade and other receivables (continued)

During the year a loan was advanced to certain directors and employees. The loan attracts interest at the higher of 2% and the HMRC official interest rate. The loan can be repaid in full at any time without penalty but becomes contractually repayable at the earlier of the employee leaving employment or an exit event. The directors have made a judgement that an exit event is not likely within 12 months of the date of these financial statements, so the loan has been classified as non-current.

No repayments were made of principal or interest resulting in a balance outstanding as at 31 December 2022 of £2,204,174. There is also a small existing loan balance which has been re-classified as non-current during the year.

The lifetime expected loss provision and specific provisions for trade receivables and contract assets are as follows:

	Total	Current	31 - 60 days	61 - 120	Over 120
	£000	£000	£000	days	days
31 December 2022				£000	£000
Gross receivables	50,909	44,720	3,061	1,684	1,444
Expected credit loss provision	(227)	-	-	-	(227)
Net receivables	50,682	44,720	3,061	1,684	1,217
Provision percentage	0.4%	0.0%	0.0%	0.0%	15.7%
31 December 2021					
Gross receivables	31,013	17,685	7,060	3,102	3,166
Expected credit loss provision	(477)	-	-	(20)	(457)
Net receivables	30,536	17,685	7,060	3,082	2,709
Provision percentage	1.5%	0.0%	0.0%	0.6%	14.4%

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Trade and other receivables (continued)

Company

	2022	2021
	£000	£000
Current		
Receivables from related parties	40,453	40,453
Expected credit losses on receivables from related parties	(40,453)	(40,453)
Total current receivables - net	-	-
Non-current		
Other receivables	2,204	-
Total non-current receivables	2,204	-
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,204	-

Repayment of related party receivables depends on future Group cashflows being higher than Group debt. The increase in debt in 2020 meant the fair value of all CGUs was lower than total debt. Therefore, a 100% expected loss provision was applied to the debt. This situation still exists at 31 December 2022 so the 100% provision has been maintained.

19. Trade and other payables

Group

	2022	2021
	£000	£000
Trade payables	40,084	29,750
Other payables - including pension and payroll	16,157	19,146
Accruals	17,107	10,727
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	73,348	59,623
Other payables - tax and social security payments	14,970	15,425
Deferred income	3,176	3,029
Total trade and other payables	91,494	78,077

All of deferred income balance as at 31 December 2021 was recognised in 2022.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Loans and borrowings

Group

	2022	<i>As restated</i>
	£000	2021
		£000
Non-current		
Bank loans	175,542	170,553
Loan notes	196,112	173,181
Lease liabilities	9,870	11,920
	381,524	355,654
Current		
Bank loans	16,432	15,790
Lease liabilities	4,502	3,256
	20,934	19,046
Total loans and borrowings	402,458	374,700

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Loans and borrowings (continued)

Terms and debt repayment schedule

	Amount	Currency	Nominal interest rate	Year of maturity
	£000			
EPE loan notes	86,680	GBP	11.50%	2029
Joint ownership loan notes**	9,793	GBP	11.50%	2029
Equistone loan	44,138	GBP	20.00%	2029
Joint ownership loan notes**	4,870	GBP	20.00%	2029
Deferred loan notes	1,787	GBP	5.00%	2029
Management loan notes	12,001	GBP	7.50%	2029
FY20 loan notes	12,518	GBP	7.50%	2029
Joint ownership loan notes**	1,429	GBP	7.50%	2029
Accrued interest	22,896			
Total loan notes	196,112			
 Senior facility B1*	 97,950	 GBP	 6.50%	 2026
			Above LIBOR or equivalent	
Senior facility B2*	48,951	GBP	6.50%	2026
			Above LIBOR or equivalent	
Capex facility drawdown*	31,341	GBP	7.30%	2026
Revolving facility repayment*	14,591	GBP	2.75%	2025
Capitalised loan fees	(2,699)			
Accrued interest	1,840			
Total bank loans	191,974			
 Total bank loans and loan notes	 388,086			

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

The senior debt is secured by way of a fixed and floating charge over all the assets of Orchestra Bidco Limited, for its present and future obligations and liabilities under the terms of the loan.

The loans (*) are subject to covenants relating to minimum liquidity, run rate liquidity, and net leverage targets. The Group has complied with the necessary measures and as such is not in breach of the covenant requirements.

The loans (*) are secured by way of a fixed and floating charge over all the assets of Orchestra Holdco Limited, for its present and future obligations and liabilities under the terms of the loan.

There has been no additional borrowing in the current year (other than repayment and redrawing of the Revolving Credit Facility at net nil cash effect). However, some interest on loan notes and bank loans has been rolled up into the principal.

The joint ownership loan notes (**) relate to loan notes where beneficial title transfers from Equistone Private Equity to certain employees of the Group should specific hurdle criteria be met. The amount recognised represents the amount expected to be settled. All other terms remain consistent with the loan notes previously recognised.

ORCHESTRA TOPCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Share capital

Authorised

	2022 Number	2022 £000	2021 Number	2021 £000
Shares treated as equity				
A ordinary shares of £0.0000025 each	875,000	-	875,000	-
B ordinary shares of £0.0001 each	158,779	-	159,529	-
C1 ordinary shares of £0.010000 each	84,303	1	84,303	1
C2 ordinary shares of £0.010000 each	18,254	-	17,280	-
	<u>1,136,336</u>	<u>1</u>	<u>1,136,112</u>	<u>1</u>

All authorised share capital is issued and fully paid.

Rights attached to share

The rights as regards return on capital attaching to each class of shares are as set out below. On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any shares), the surplus assets of the Company remaining after the payment of its liabilities and all other sums payable in priority shall be applied in the following order:

- first the distribution of £1,000,000,000 (the “**C Hurdle Amount**”) amongst the holders of the C Ordinary Shares according to the number of such C Ordinary Shares held by the relevant Shareholder at the relevant time;
- second the distribution of £39,936,949 (the “**A Hurdle Amount**”) amongst the holders of the A Ordinary Shares according to the number of such A Ordinary Shares held by the relevant Shareholder at the relevant time; and
- third any amounts in excess of the aggregate of the C Hurdle Amount and the A Hurdle Amount shall be distributed against the holders of the Equity Shares (pari passu as if the same constituted one class of shares) according to the number of such Equity Shares held by the holders of Equity Shares at the relevant time save that the amount to be allocated to the B Ordinary Shares shall be capped at 20% of the aggregate amount due to be distributed.

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

Movements of shares within the year were:

- On 17th March 2022 the Company issued 1,046 C2 Ordinary Shares of nominal value £0.01 each for total consideration of £2,071.08.
- On 11th August 2022 the Company repurchased and cancelled 750 B Ordinary Shares of nominal value £0.0001 each for a total consideration of £0.09.
- On 11th August 2022 the Company repurchased and cancelled 72 C2 Ordinary Shares of nominal value £0.01 each for a total consideration of £0.91.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

22. Reserves**Share premium**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Capital contributions

The capital contribution reserve represents a capital contribution arising on a loan received from a shareholder at a below-market rate of interest.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative movements in foreign exchange.

Merger Reserve

This reserve relates to the difference between the nominal and fair value of shares acquired on initial recognition of the business combination.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

23. Analysis of amounts recognised in other comprehensive income

	Foreign exchange reserve £000
Year to 31 December 2021	
Exchange differences arising on translation of foreign operations	(119)
Year to 31 December 2022	
Exchange differences arising on translation of foreign operations	90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Leases

Group

(i) Leases as a lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

IFRS 16 was adopted from incorporation.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial director costs incurred; and
- the amount of any provision recognised where the group is contractually requirement to dismantle, remove or restore the leased asset (typically the leasehold dilapidations).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Leases (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the net asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimates of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties in the UK, where periodic rent is fixed over the lease term. The group also leases certain items of plant and equipment and vehicles. These comprise only fixed payments over the lease terms. There are no significant leases which contain variable lease payments.

Lease liabilities are due as follows:

	2022	2021
	£000	£000
Contractual undiscounted cash flows due		
Not later than one year	4,502	3,935
Between one year and five years	9,134	10,646
Later than five years	2,210	1,960
	15,846	16,541
Lease liabilities included in the Consolidated Statement of Financial Position at 31 December	14,372	15,176
Non-current	9,870	11,693
Current	4,502	3,483

The following amounts in respect of leases have been recognised in profit or loss:

	2022	2021
	£000	£000
Short-term lease expense	82	402

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Leases (continued)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
Right-of-use assets				
At 31 December 2021	11,268	444	203	11,915
Additions	-	616	367	983
Modifications	3,344	-	-	3,344
Disposals	-	(36)	-	(36)
Depreciation charge for the year	(3,238)	(276)	(128)	(3,642)
Depreciation on disposal of ROU assets	-	30	-	30
Balance at 31 December 2022	11,374	778	442	12,594

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
Lease liabilities				
At 31 December 2021	14,453	444	279	15,176
Additions	-	616	367	983
Modifications	1,762	-	-	1,762
Disposals	-	(6)	-	(6)
Interest	516	155	99	770
Lease payments	(3,597)	(415)	(301)	(4,313)
Balance at 31 December 2022	13,134	794	444	14,372

Right of use asset additions, modifications and disposals are non-cash transactions and are therefore excluded from purchase of/proceeds from sales of property, plant and equipment in the Statement of Cash Flows. Repayments of capital and interest are included within cash flows from financing activities.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Prior year adjustments**25.1 Loans and borrowings**

Following a reappraisal of loans and borrowings, it was concluded that interest on loan notes for the years to 31 December 2020 and 31 December 2021 has not been recognised correctly. Interest payable was understated as interest on some loan notes was not rolled up into the principal amount on each interest date. Additionally, the interest dates on some loans were not correct. As a material amount, the directors have corrected this as a prior period adjustment.

The impact of this correction is as follows:

For the year ended 31 December 2020: increase interest expense and accrued loan note interest by £0.9m and reduce retained earnings as at 31 December 2020 by £0.9m, therefore decreasing opening retained earnings of 2021. This is not considered material so a third balance sheet for the year ended 31 December 2020 has not been included.

For the year ended 31 December 2021: increase interest expense by £3.5m and increase cumulative accrued loan note interest by £4.4m and reduce retained earnings by £4.4m.

Therefore, the Consolidated Statement of Financial Position, Consolidated Statement of Total Comprehensive Income, and Consolidated Statement of Changes in Equity are all impacted. There has been no impact on overall cash movements in the Consolidated Statement of Cash Flows, however the loss before tax and non-cash add back of financial expenses have been restated by £3.5m.

Restated prior year balances have been shown in notes 11, 12, 20, 26 and 30. Any other amounts in these Financial Statements that are affected have been highlighted as restated amounts.

25.2 Deferred tax

In prior years, deferred tax assets and liabilities have been presented separately in the Consolidated Statement of Financial Position, rather than offset as required under the provisions of IAS 12.

This has been corrected as a prior period adjustment. Management have not considered it necessary to present a full third balance sheet at the start of the comparative period as there is no impact on total net assets or retained earnings, however the amounts at 1 Jan 2021 are noted below:

	1 January 2021	31 December 2021
	£000	£000
Gross deferred tax asset previously presented	4,800	6,627
Gross deferred tax liabilities previously presented	31,221	36,909
Net deferred tax liabilities as restated	26,421	30,282
Impact of net presentation on total net assets	-	-
Reduction in net presentation on gross assets	(4,800)	(6,627)
Reduction in net presentation on gross liabilities	(4,800)	(6,627)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. Financial instruments - fair values and risk management

26.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

		Carrying amount		
31 December 2022	Note	Mandatorily at FVTPL - others £000	Amortised cost £000	Total £000
Financial assets measured at fair value				
Derivative instruments	27	5,891	-	5,891
		<u>5,891</u>	<u>-</u>	<u>5,891</u>
Financial assets measured at amortised cost				
Trade and other receivables	18	-	77,206	77,206
Cash and cash equivalents		-	18,316	18,316
		<u>-</u>	<u>95,522</u>	<u>95,522</u>
Financial liabilities measured at amortised cost				
Loan notes	20	-	196,112	196,112
Bank loans	20	-	191,974	191,974
Trade and other payables	19	-	73,348	73,348
		<u>-</u>	<u>461,434</u>	<u>461,434</u>

The two derivative instruments purchased in August 2021 were traded in July 2022 and the Group now holds one instrument covering £180m of senior debt (previously £90m). The instrument has a termination date of September 2024. Derivative instruments are measured at fair value through profit and loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial instruments - fair values and risk management (continued)

26.1 Accounting classifications and fair values (continued)

31 December 2021	Note	Carrying amount		
		Mandatorily at FVTPL - others £000	Amortised cost £000	Total £000
Financial assets measured at fair value				
Derivative instruments	27	669	-	669
		669	-	-
Financial assets measured at amortised cost				
Trade and other receivables	18	-	44,106	44,106
Cash and cash equivalents		-	14,882	14,882
		-	58,988	58,988
Financial liabilities measured at amortised cost				
Loan notes (as restated)	20	-	173,181	173,181
Bank loans	20	-	186,343	186,343
Trade and other payables	19	-	59,623	59,623
		-	419,147	419,147

Financial instruments measured at amortised cost are cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Derivative instruments and contingent consideration are measured at fair value through profit and loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial instruments - fair values and risk management (continued)

26.2 Financial instruments - Risk management

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

- Credit risk
- Interest rate risk
- Liquidity risk
- Foreign exchange risk
- Market/supplier risk

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

Cash is only deposited with major financial institutions that satisfy certain credit criteria. Cash and cash equivalents includes cash in hand and at bank. Cash at bank is held with banks or financial institution counterparties which are investment grade rated. Management do not expect any losses from non-performance of counterparties.

All financial instruments have been modified in accordance with interest rate benchmark reform and therefore there are no remaining risks relating to the reforms.

Principal financial instruments

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

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. Financial instruments - fair values and risk management (continued)

26.2 Financial instruments - Risk management (continued)

Financial instruments not measured at fair value

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

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

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

	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
31 December 2022					
Trade and other payables	73,348	-	-	-	-
Loans and borrowings	4,798	15,853	20,651	234,136	487,597
	78,146	15,853	20,651	234,136	487,597
31 December 2021					
Trade and other payables	59,623	-	-	-	-
Loans and borrowings (as restated)	2,146	8,887	12,557	229,769	487,597
	61,769	8,887	12,557	229,769	487,597

Included in the above are balances of £146.7m which incur interest at variable rates linked to LIBOR or equivalent rate. A 1.0% increase in the LIBOR or equivalent rate would equate to a rise in debt service costs of approximately £1.5m per annum.

Loans and borrowings shown above excludes lease liabilities. The maturity of these liabilities is shown in note 24.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

27. Derivative financial instruments

Group

	2022	<i>2021</i>
	£000	<i>£000</i>
Derivative financial assets		
Derivatives not designated as hedging instruments		
Interest rate swaps	<u>5,891</u>	<u>669</u>
Total derivative financial assets	<u>5,891</u>	<u>669</u>
<i>Current and non-current:</i>		
Current	-	-
Non-current	<u>5,891</u>	<u>669</u>
Total derivative financial assets	<u>5,891</u>	<u>669</u>

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

	2022	<i>2021</i>
	£000	<i>£000</i>
Value of derivatives instruments at 1 January	669	-
Additions	2,715	<i>215</i>
P&L FV movement	5,194	<i>454</i>
Disposals	<u>(2,687)</u>	<u>-</u>
Value of derivatives instruments at 31 December	<u>5,891</u>	<u><i>669</i></u>

The two derivatives held at 31 December 2021 and covering £90m of senior debt, were traded on 22 July 2022. The fair value on trade was £2.7m and these funds were used to purchase one derivative instrument covering £180m of senior debt. The instrument has a termination date of September 2024.

ORCHESTRA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

28. Related party transactions

During the period and in prior periods, Group companies entered into the following transactions with related parties who are not members of the Group.

Included in loans outstanding are amounts due to Equistone VI Excess SCSp, and certain members of management. Further details on the amounts outstanding, along with the terms are included in note 20.

The key management personnel are deemed to be the Directors. Details of Directors' remuneration are given in note 10.

Certain Directors have loans totalling £143,384 (*31 December 2021: £143,384*), used to subscribe for B shares in Orchestra Topco Limited on 2 October 2019. The loans accrue interest of 1.0% PA, and all amounts remain outstanding at the period end.

During the year a loan was advanced to certain directors and employees. The loan attracts interest at the higher of 2% and the HMRC official interest rate. The loan can be repaid in full at any time without penalty but becomes contractually repayable at the earlier of the employee leaving employment or an exit event. The directors have made a judgement that an exit event is not likely within 12 months of the date of these financial statements, so the loan has been classified as non-current.

No repayments were made of principal or interest resulting in a balance outstanding as at 31 December 2022 of £2,204,174. This is included within note 18.

29. Controlling party

The directors do not consider there to be an ultimate controlling party.

30. Notes supporting statement of cash flows

	Current loans and borrowings £000	Non-current loan and borrowings £000	Total £000
1 January 2021	(8,312)	(333,191)	(341,503)
Cash flows			
Overdraft increases	6,643	-	6,643
Contingent consideration paid	2,534	-	2,534
Non-Cash-flows			
Interest accrued	(1,088)	(26,722)	(27,810)
Change in classification	(15,403)	15,403	-
Capitalised loan fees amortisation	-	776	776
Fair value adjustment to contingent consideration	(164)	-	(164)
At 31 December 2021(as restated)	(15,790)	(343,734)	(359,524)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

30. Notes supporting statement of cash flows (continued)

	Current loans and borrowings £000	Non-current loan and borrowings £000	Total £000
1 January 2022	(15,790)	(343,734)	(359,524)
Cash flows			
Accrued interest paid	1,198	-	1,198
Non-Cash-flows			
Interest accrued	(1,840)	(22,895)	(24,735)
Interest paid in kind or rolled up into principal	-	(4,249)	(4,249)
Capitalised loan fees amortisation	-	(776)	(776)
At 31 December 2022	(16,432)	(371,654)	(388,086)

The equivalent disclosure for lease liabilities is provided in note 24.

Interest paid in the year was £12.7m (2021: £9.8m)

Deferred consideration and bank overdraft do not form part of financing activities within the cash flow statement as they are not financing.