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Orchestra Topco Limited

Report and Financial Statements

The period ended

31 December 2019

Company Number 11795592

Orchestra Topco Limited

Report and financial statements
for the period ended 31 December 2019

Contents

Page:

Orchestra Topco Limited

Report and financial statements
for the period ended 31 December 2019

Domicile and country of incorporation of parent company

United Kingdom

Legal form

Private limited company

Directors

Edward Baker (28 February 2019)
Dominic C. E. Geer (Appointed 28 February 2019)
Timothy John Jones (Appointed 30 May 2019)
Madeleine S. Musselwhite (Appointed 30 May 2019, Resigned 30 June 2020) (Reappointed 26 November 2020)
Nicholas E. H. Thomas (Appointed 30 May 2019)
William J. Toner (Appointed 30 May 2019)
Richard C. Briault (Appointed 29 January 2019, Resigned 28 Feb 2019)
Timothy A. Swales (Appointed 29 January 2019, Resigned 28 Feb 2019)

Secretary and registered office

Adam Seymour, 550 Second Floor, Thames Valley Park, Reading, Berkshire, RG6 1PT

Company number

11795592

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

The company was incorporated on 29 January 2019, and on 31 May 2019, through its 100% indirect investment in Orchestra Bidco Limited, acquired the 100% shareholding of CH & Co Catering Group (Holdings) Limited. These financial statements represent the results of the activities of the company since incorporation, the legacy CH & Co Catering group from the date of acquisition on 31 May 2019 and subsequent acquisitions as described below.

On 31 August 2019, the wholly owned intermediate holding subsidiary of CH & Co Catering Group Limited acquired 100% of the share capital of Gather & Gather Limited, Creativevents Limited, and the trading assets and liabilities of Mitie's Irish business, which were then hived across to Gather & Gather Ireland Limited.

On 30 September 2019 CH & Co Catering Group Limited acquired 100% of the share capital of Company of Cooks Limited and their 100% owned subsidiary company Public Restaurant Partner Limited.

Orchestra Topco Limited is the ultimate holding company of all acquired subsidiaries. The Directors present their strategic report together with the audited consolidated and company financial statements for the period ended 31 December 2019.

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 period ended 31 December 2019.

Principal activity

The principal activity of the Group during the period 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 and Education.

Review of the business

Strategy and Performance

The Directors are pleased to report that during the period of these financial statements the business performed well through strong retention and several significant new contract wins.

The strength of the customer proposition across the Group and our ability to win and successfully mobilise larger contracts is at the heart of that success.

Trading in the majority of the contracts during the period was in line with expectations. The Group now has a very well-balanced portfolio of contracts across its core sectors that protects the Group both in terms of seasonality and wider changes in market conditions.

During the period the Group engaged in key M&A activity to further enhance the strength of the Group in its chosen market sectors and geographies. On 31 August 2019, the wholly owned intermediate holding subsidiary of CH & Co Catering Group Limited acquired 100% of the share capital of Gather & Gather Limited, Creativevents Limited, and Gather & Gather Ireland Limited. This was a strategically significant acquisition for the Group. Gather & Gather are a market leading Workplace caterer who operate several high profile national multi-site contracts both in the UK and Republic of Ireland. As a result of the acquisition of Gather & Gather, the Group became the preferred supplier of catering services in all Mitie integrated facilities management contracts.

Strategy and performance *(continued)*

On 30 September 2019 CH & Co Catering Group Limited acquired 100% of the share capital of Company of Cooks Limited and their 100% owned subsidiary company Public Restaurant Partner Limited. Company of Cooks Limited is a market leading provider of food and beverage services in the London venues and destinations market, further cementing the Groups position in these sectors.

Some of the Group's key financial performance indicators during the period were as follows:

	2019 £000
Turnover	**235,546**
Gross profit	**39,791**
EBITDA excluding exceptional items	**23,892**
Exceptional costs	**10,235**
Cash outflow from Operating Activities	**(14,168)**
Loss after Tax	**(13,341)**

Exceptional costs in 2019 relate to:

- Transaction costs associated with the replacement of a major minority investor
- Transaction costs relating to extensive M&A activity in the period
- Costs relating to the restructuring and integration of acquired businesses and;
- Costs relating to the closure of a regional office and consolidation of support functions

The financial performance of the Group was assessed throughout the period through the provision of divisional management accounts and detailed analysis of new business performance. This was in turn supported by analysis of performance at the contract level - with focus on delivering against both sales and gross margin targets. Group overheads are assessed against budget levels, which are set 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 monthly 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 Group maintains a positive relationship with its lenders and funding partners. The period after the Balance Sheet date in these financial statements has been dominated by the Covid-19 global pandemic. It has been well documented that the food and hospitality sectors have been hardest hit by the economic impact of the pandemic. The impact on the Group and the action taken by the Directors is fully documented in the Subsequent Events note 24 in the Financial Statements. This demonstrates that the Directors took decisive action at the start of the pandemic to reduce costs in line with falling revenue, to inject equity capital into the business to eliminate any liquidity issues and to cement existing client and stakeholder relationships, in readiness for the business emerging from the downturn after the pandemic.

Future Developments

Overall, the Directors are very optimistic about the Group's future. The Group has proved to be very resilient through the Covid-19 pandemic which is a tribute to the strength of its People and the relationships with all its stakeholders.

The Group has been awarded further prestigious contracts subsequent to the period end and the pipeline for new business prospects is strong. In addition, post period-end the Group completed the merger with Vacherin Ltd, a high quality London based company with a strong portfolio of clients in the Workplaces sector.

Principal risks and uncertainties

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 and equity investment. Interest rates are at a historic low and the perceived risk from any significant impact from future interest rate movements is very low.

Liquidity risk

Since the end of March 2020, the coronavirus pandemic has impacted markets and companies across the world. This has negatively impacted the operating results of the Group and introduced greater uncertainty regarding the Group's financial projections for trading and liquidity. The resulting economic uncertainties have altered the risk environment such that in the short to medium term the key operating and financial risks to the Group now include a reduction in customer demand, and catering facilities suffering from staff absence due to sickness or having enforced social distancing rules and the resultant impact on worker productivities and volumes.

The directors reacted promptly to the impact of the above challenges with a number of key short-term actions across the business to ensure continuity of operations. This included taking extra steps to safeguard the health and safety of employees, working closely with suppliers to maintain supply of raw materials and communicating regularly with customers.

The directors have reviewed liquidity 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 P&L forecasts. Forecast cashflows include the repayment of any deferred amounts owing to HMRC and deferred consideration arising from acquisitions during 2019. The forecast has been prepared on a "reasonable worst-case scenario" basis. All relevant factors and information have been considered, including detailed conversations with our clients and input from industry bodies such as British Hospitality Association (who in turn are in regular dialogue with Government bodies).

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. After adoption of IFRS 9 since inception, as further described in note 1 to the financial statements, a provision for impairment is made for expected credit losses, estimated with reference to average of historical losses.

Section 172(1) Statement

The Company's Section 172(1) Statement is on pages 10 to 12.

On behalf of the Board

W. J. Toner

Director

Date: 30 November 2020

Orchestra Topco Limited

Report of the Directors
for the period ended 31 December 2019

The Directors present their report and audited consolidated financial statements for the period ended 31 December 2019. Additional information is also disclosed in the strategic report, if the directors feel it is of strategic importance.

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 Consolidated loss for the period, after taxation, amounted to £13,341k.

The Directors do not recommend the payment of a dividend.

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 consolidated financial statements at note 3.

Political donations

During the period, there were no political donations made by the Company.

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.

Directors

The Directors who served the Company during the period are as follows:

Edward Baker (28 February 2019)
Dominic C. E. Geer (Appointed 28 February 2019)
Timothy John Jones (Appointed 30 May 2019)
Madeleine S. Musselwhite (Appointed 30 May 2019, Resigned 30 June 2020)
Nicholas E. H. Thomas (Appointed 30 May 2019)
William J. Toner (Appointed 30 May 2019)
Richard C. Briault (Appointed 29 January 2019, Resigned 28 Feb 2019)
Timothy A. Swales (Appointed 29 January 2019, Resigned 28 Feb 2019)

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.

Subsequent events

Subsequent to the Balance Sheet date, the COVID-19 outbreak has escalated to a global pandemic. The impact of this has been considered on the financial statements up to the date of signing. The impact on the going concern assessment has been considered in the Directors Report and in note 2. No adjustments are deemed necessary in respect of this matter.

In March 2020 the Group's financial performance was adversely impact by the Covid-19 pandemic and subsequent national lockdown. The impact of lockdown and social distancing measures on the food and hospitality sectors has been well documented and CH&CO as a Group was very much exposed to this across all the business sectors in which it operates.

The Group operates in the following sectors which were adversely impacted by the pandemic.

- **Workplaces** where employees using our staff restaurants and hospitality services were dramatically reduced due to the stay at home guidance.
- **Destinations and visitor attractions**, which were closed during lock down and have subsequently been adversely impacted after re-opening by the fall in overseas tourists and social distancing measure within restaurants.
- **Venues and Conferencing and banqueting**, which were closed during lockdown and remain effectively closed because of the restriction of numbers at events.
- **Events and Parties**, where the lockdown put paid to our summer season and restrictions on numbers have meant that our winter party season is unviable.
- **Education**, where we continued to operate through-out lockdown on minimal volumes feeding the children of key workers and at increased capacity following the reopening of schools
- **Healthcare**, whilst only a small part of our business, we remained open throughout the period and we were also very proud to provide the catering services to the Dragon's Heart Nightingale Hospital in Cardiff.

When the extent of the impact become evident in early March, the Directors took swift and decisive action to protect the business and took steps to reduce the Group's cost base. The Directors and senior Management sacrificed or significantly reduced salaries and took full advantage of the Government Job Retention Scheme to furlough colleagues for the period where the business had minimal revenues.

The Group already had good financial controls and processes in place for financial forecasting and cost and cash management. These processes were enhanced to build rolling forecasting models to enable us to respond speedily to the ever-changing trading environment in the post Covid world.

The most urgent action for the Directors was to ensure the long-term stability and liquidity of the business. To that end, the shareholders began immediate consultations with its Lenders. As a result of this, the Shareholders made a capital injection into the Group of £15m in May 2020. At the same time, our Lenders revised the Senior Facilities Agreement to re-set our Financial Covenants to reflect the ongoing impact of the pandemic and to ensure the stability of the Group. In addition, a new £5m revolving credit facility was put in place for a twelve-month period to May 2021 should this be required.

Subsequent events *(continued)*

Based upon financial projections, and to mitigate the ongoing impact of the pandemic on trading, the Directors have conducted an ongoing review of the cost base of the business and regrettably have had to make a significant number of redundancies across both our overhead and site-based colleagues. We continue to try and utilise the various Government Job Support Schemes and to work with our clients to try and preserve as many jobs as possible.

As a result of the review of our cost base and restructuring, the Directors are confident that they now have the appropriate level of resource in place to respond to the changing conditions of the market and the recovery of our sectors when this occurs.

The Group has worked very closely with its clients over the pandemic to help to restructure contracts in a way that provides optimum service at optimum cost for all parties. We are delighted with the way in which our clients and operational teams and support teams have responded to the challenges of these unique times.

Working in conjunction with our clients and with insights from industry bodies and Government, we have prepared financial forecasts on the basis of "reasonable worst-case scenario" for each contract and for each of the sectors in which we operate. On this basis we are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. We also have sufficient headroom in cash reserves and covenant headroom to weather any future restrictions and extended lockdowns. We are able to draw on our experience of the first lockdown and subsequent months to speedily reduce our cost base in line with any reductions in revenues. The recent extension of the Job Retention Scheme until March 2021 is welcome.

The experience of the pandemic has given us confidence that we have deep and long-term relationships with our client base, and we are confident of our ability to recover the business quickly as we emerge from the pandemic.

On 28 February 2020 the group acquired 100% of the issued share capital of Vacherin Limited for initial consideration of £14.6m.

Changes in tax rates and factors affecting the future tax charge

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. Subsequent to the reporting date, on 11 March 2020, it has been announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the period end of 17%. This will result in an increase in deferred tax liabilities of £3.6m.

Impairment of goodwill and intangibles

The Directors have re-performed the goodwill and intangible asset impairment review as of the date of signing the financial statements, using the following main assumptions:

(a) FY21 - Latest forecast, consistent with the Directors' reasonable worst case going concern review model;
(b) FY22 - 90% of the Directors' original 2020 budget, approved before the COVID-19 pandemic;
(c) FY23 - 100% of the Directors' original 2020 budget;
(d) FY24-25 – the Directors applied the same revenue growth rates as they had estimated for FY21 and FY22 in their impairment review model as at 31 December 2019;
(e) Terminal EBITDA growth rates of 2% pa, consistent with the impairment review model at 31 December 2019;
(f) Overhead rates are a consistent percentage of revenue, from 2022 onwards; and
(g) The same discount rates were applied, as for the 31 December 2019 impairment review.

On this basis determined by the Directors to be their best estimates, no impairment was identified.

Going concern

The going concern position of the Company is intrinsically linked to that of the Group and is therefore considered as part of the directors' going concern assessment of the wider group. The consolidated financial statements have been prepared on a going concern basis, with net assets of £27.1m at 31 December 2019 and a loss of £13.3m for the period then ended. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

The potential future impact of the Covid-19 pandemic is critical to the basis of preparation of the financial forecast. The revenue and contract profit forecasts have been prepared with a base case and a "reasonable worst-case" scenario. All relevant factors and information have been considered, including detailed conversations with our clients and input from industry bodies such as British Hospitality Association (who in turn are in regular dialogue with Government bodies).

Contract by contract forecasts have been prepared on a bottom up basis. These contract forecasts are based upon the known plans of our clients and factor in their planning on re-opening contracts and numbers on site (or visitor numbers etc.).

The majority of overhead costs are employee costs, and these have been built up on a person by person basis. The balance of overhead costs are predominantly fixed, well-controlled and have been built into the forecast. Cashflow forecasts are derived from the detailed profit and loss forecasts. There are no assumptions about changes in working capital cycles that would generate improvements in our cash position. Forecast cashflows include the repayment of any deferred amounts owing to HMRC and deferred consideration arising from the acquisitions in 2019.

The reasonable worst case forecast incorporates an £80m reduction in sales between 1 January 2021 and 31 December 2021, versus the base case forecast.

Our base case and reasonable worst case forecasts show the Group's compliance with its financial covenants at each quarter end to 31 December 2021, a period of at least 12 months after the date of this report.

The way that the Group has managed through the recent pandemic is evidence of its resilience and ability to adapt its cost base to weather the downturn.

The ability of the Company and Group to achieve its future profit and cash flow projections cannot be predicted with certainty due to the ongoing potential impact of the COVID-19 global pandemic, in respect of current and future UK national and/or local restrictions affecting the Group's ability to operate across its customers' sites. Should the recovery in activity levels not meet the reasonable worst-case forecasts, further cost reduction measures would be enacted in the first instance.

Failure of the Company and the Group to meet these projections may adversely impact its ability to meet its banking facility covenants, without further support from its shareholders, which is not contractually committed at the date of signing, or which would require covenants to be re-negotiated. These circumstances indicate a material uncertainty that may cast significant doubt on the Company and the Group's ability to continue as a going concern for the foreseeable future.

The Group's banking arrangements provide flexible arrangements for the shareholders to inject further equity capital, if required, to supplement the Group's EBITDA and liquidity measures, for covenant testing purposes, in advance of any anticipated breach. The Directors have satisfied themselves that key shareholders remain fully supportive of the business and are likely to continue to be so should the effect of the COVID-19 global pandemic on future operations mean that a further equity injection is required. Therefore, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Future developments

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

Subsequent events

All subsequent events have been disclosed in note 24 to the financial statements.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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.

Corporate Governance arrangements

The Directors have adopted and implemented the Wates Corporate Governance principles for the period ended 31 December 2019. 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' statement as to disclosure of information to auditors

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 IFRSs as adopted by the European Union, 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. 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.

Appointment of 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.

On behalf of the Board

W J Toner

Director

Date: 30 November 2020

Statement by the directors in performance of their statutory duties 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 considers 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 discharges their duties having regard to Corporate Governance is available throughout this report.

The Directors considers 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
Bill Toner – CEO
Nick Thomas – CFO and member of Audit and Remuneration Committees
Madeleine Musselwhite – Executive Director M&A
Dominic Geer – Investment Director and member of Remuneration Committee
Ed Baker – Investment Director and member of Audit Committee

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.

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 SharePoint and Unlock. 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.

Our People *(continued)*

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, including the leading awards in the industry for HR and Training.

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 win 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 Directors 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.

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 M&A activity.

Investors and lenders receive monthly 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.

Engagement with investors and lenders helped influence our decisions in the period to acquire both Gather & Gather (formerly the catering arm of Mitie plc) and Company of Cooks.

Our Suppliers

Our suppliers have a critical role to play in CH&CO 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 Heads of Procurement and Supply Chain as well as through our Culinary and Operational teams.

We have worked very closely with our key suppliers during the period to develop a market leading supply chain solution called Project 2020. Through this solution we will consolidate the distribution of our products into a single principal distribution partner. This will significantly improve the environmental impact of our supply chain, with a material reduction in our road miles and carbon emissions. In turn the new distribution solution will give us greater flexibility on the products and suppliers that we can use through our supply chain which will have benefits for our clients and customers.

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 will support 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, awarded for the second consecutive period assures 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 Springboard and Hospitality Action. We are also an accredited Disability Confident employer and an active member of Stonewall.

We have retained key accreditations across the Group including ISO14001, ISO9001 and OHSAS18001.

TO THE MEMBERS OF ORCHESTRA TOPCO LIMITED

Opinion

We have audited the financial statements of Orchestra Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 31 December 2019 which comprise the consolidated statement of total comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the parent company statement of financial position, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 1 to the consolidated financial statements and note 1 to the Parent Company financial statements, which indicate the Directors' considerations over going concern, including the potential impact of the current COVID-19 pandemic on the Group's ability to meet the covenant requirements of its banking facilities.

If a covenant were anticipated to be breached, the facilities allow shareholders to inject further equity capital to cure the anticipated breach; otherwise the Directors would be required to re-negotiate the covenants – such remedies are not contractually committed at the date of signing the financial statements.

As disclosed in note 1, these circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 and 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 statement, 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://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.

BDO LLP

Ian Oliver (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date: 30 November 2020

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 period 29 January 2019 to 31 December 2019

	Note	2019 £'000
Revenue	4	**235,546**
Cost of sales		**(195,755)**
Gross profit		**39,791**
Administrative expenses		**(36,879)**
Earnings before interest and finance expenses, tax, depreciation and amortisation (EBITDA) and exceptional items		**23,892**
Exceptional items	6	**(10,235)**
Depreciation of tangible assets	11/22	**(5,343)**
Amortisation of intangible assets	12	**(5,402)**
Profit from operations	6	**2,912**
Finance expense	8	**(15,650)**
Finance income	8	**192**
Loss before tax		**(12,546)**
Tax charge	9	**(795)**
Loss after tax attributable to the owners of the parent and total comprehensive loss		**(13,341)**

All amounts relate to continuing activities.

The notes on pages 22 to 60 form part of these financial statements.

Orchestra Topco Limited

Consolidated statement of financial position
at 31 December 2019

Company number 11795592	Note	2019 £'000
Assets		
Non-current assets		
Property, plant and equipment	11	11,969
Right-of-use assets	22	23,287
Intangible assets	12	312,099
Deferred tax assets	19	639
		347,994
Current assets		
Inventories	14	6,582
Trade and other receivables	15	94,943
Cash and cash equivalents	16	22,088
		123,613
Total assets		471,607
Liabilities		
Current liabilities		
Trade and other payables	17	102,798
Lease liabilities	22	6,342
Loans and borrowings	18	6,100
Contingent consideration	10	4,997
		120,237
Non-current liabilities		
Loans and borrowings	18	266,430
Contingent consideration	10	9,252
Deferred tax liability	19	31,075
Lease liabilities	22	17,502
		324,259
Total liabilities		444,496
Net assets		27,111
Issued capital and reserves attributable to owners of the parent		
Share capital	20	-
Share premium	20	17,065
Merger reserve	21	23,387
Retained earnings		(13,341)
Total equity		27,111

The notes on pages 22 to 60 form part of these financial statements.

Orchestra Topco Limited

Consolidated statement of financial position
at 31 December 2019 *(continued)*

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2020 and were signed on its behalf by:

Bin Toner

W J Toner

Director

Date: 30 November 2020

The notes on pages 22 to 60 form part of these financial statements.

Orchestra Topco Limited

Consolidated statement of cash flows
for the period ended 31 December 2019

	Note	2019
		£'000
Cash flows from operating activities		
Loss for the period		**(13,341)**
Adjustments for:		
Depreciation of property, plant and equipment	11	**2,444**
Depreciation of right use assets	22	**2,899**
Amortisation of intangible fixed assets	12	**5,402**
Finance income	8	**(192)**
Finance expense	8	**15,650**
Tax expense	9	**795**
Loss on disposal of fixed assets	11	**511**
Cash inflow from operating activities before changes in working capital		**14,168**
(Increase) in trade and other receivables		**(25,233)**
(Increase) in inventories		**(557)**
Increase in trade and other payables		**17**
Cash used in operations		**(11,605)**
Income taxes paid		**(860)**
Net cash outflow from operating activities		**(12,465)**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	10	**(116,194)**
Purchases of property, plant and equipment	11	**(2,380)**
Purchases of intangible assets	12	**(447)**
Finance income received		**192**
Net cash outflow from investing activities		**(118,829)**
Cash flows from financing activities		
Proceeds from loans, net of costs		**254,168**
Repayment of leases	22	**(2,342)**
Loans repaid		**(92,176)**
Interest paid	8	**(6,268)**
Issue of share capital net of costs		**-**
Net cash inflow from financing activities		**153,382**
Net increase in cash and cash equivalents		**22,088**
Cash and cash equivalents at the beginning of the period		**-**
Cash and cash equivalents at the end of the period	16	**22,088**

The notes on pages 22 to 60 form part of these financial statements.

Orchestra Topco Limited

Consolidated statement of changes in equity
for the period ended 31 December 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
On incorporation	-	-	-	-	-
Comprehensive income for the period					
Loss for the period	-	-	-	(13,341)	(13,341)
Total comprehensive loss for the period	-	-		**(13,341)**	**(13,341)**
Contributions by and distributions to owners					
Issue of shares, net of costs	-	17,065	23,387	-	40,452
Total contributions by and distributions to owners	-	**17,065**	**23,387**	-	**40,452**
31 December 2019	-	**17,065**	**23,387**	**(13,341)**	**27,111**

The notes on pages 22 to 60 form part of these financial statements.

1 Accounting policies

Orchestra Topco Limited (the "company") is a limited company incorporated in England and Wales. The principal activity of the Group is the sale of food and beverages, and catering services provided to Business and Industry, Education and Commercial clients. The registered office is 550 Second Floor, Thames Valley Park, Reading, Berkshire, RG6 1PT. The Group financial statements consolidate those of the company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

The consolidated financial statements are presented in Sterling, which is also the Company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS - IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The financial statements have been prepared on a historical cost basis (refer to individual accounting policies for details).

Group structure

The company was incorporated on 29 January 2019 and on 31 May 2019 acquired 100% of the share capital of CH & Co Catering Group (Holdings) Limited. These financial statements represent the results of the activities of the company since incorporation, the legacy CH & Co Catering group from the date of acquisition on 31 May 2019 and subsequent acquisitions as described below.

On 31 August 2019, the wholly owned intermediate holding subsidiary, CH & Co Catering Group Limited acquired 100% of the share capital of Gather & Gather Limited, Creativevents Limited, and Gather & Gather Ireland Limited.

On 30 September 2019 CH & Co Catering Group Limited acquired 100% of the share capital of Company of Cooks Limited and its 100% owned subsidiary company.

Orchestra Topco Limited is the ultimate holding company of all acquired subsidiaries.

Going concern

The going concern position of the Company is intrinsically linked to that of the Group and is therefore considered as part of the directors' going concern assessment of the wider group. The consolidated financial statements have been prepared on a going concern basis, with net assets of £27.1m at 31 December 2019 and a loss of £13.3m for the period then ended. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

1 Accounting policies *(continued)*

***Going concern** (continued)*

The potential future impact of the Covid-19 pandemic is critical to the basis of preparation of the financial forecast. The revenue and contract profit forecasts have been prepared with a base case and a "reasonable worst-case" scenario. All relevant factors and information have been considered, including detailed conversations with our clients and input from industry bodies such as British Hospitality Association (who in turn are in regular dialogue with Government bodies).

Contract by contract forecasts have been prepared on a bottom up basis.. These contract forecasts are based upon the known plans of our clients and factor in their planning on re-opening contracts and numbers on site (or visitor numbers etc.).

The majority of overhead costs are employee costs, and these have been built up on a person by person basis. The balance of overhead costs are predominantly fixed, well-controlled and have been built into the forecast. Cashflow forecasts are derived from the detailed profit and loss forecasts. There are no assumptions about changes in working capital cycles that would generate improvements in our cash position. Forecast cashflows include the repayment of any deferred amounts owing to HMRC and deferred consideration arising from the acquisitions in 2019.

The reasonable worst-case forecast incorporates an £80m reduction in sales between 1 January 2021 and 31 December 2021, versus the base case forecast.

Our base case and reasonable worst-case forecasts show the Group's compliance with its financial covenants at each quarter end to 31 December 2021, a period of at least 12 months after the date of this report.

The way that the Group has managed through the recent pandemic is evidence of its resilience and ability to adapt its cost base to weather the downturn.

The ability of the Company and Group to achieve its future profit and cash flow projections cannot be predicted with certainty due to the ongoing potential impact of the COVID-19 global pandemic, in respect of current and future UK national and/or local restrictions affecting the Group's ability to operate across its customers' sites. Should the recovery in activity levels not meet the reasonable worst-case forecasts, further cost reduction measures would be enacted in the first instance.

Failure of the Company and the Group to meet these projections may adversely impact its ability to meet its banking facility covenants, without further support from its shareholders, which is not contractually committed at the date of signing, or which would require covenants to be re-negotiated. These circumstances indicate a material uncertainty that may cast significant doubt on the Company and the Group's ability to continue as a going concern for the foreseeable future.

The Group's banking arrangements provide flexible arrangements for the shareholders to inject further equity capital, if required, to supplement the Group's EBITDA and liquidity measures, for covenant testing purposes, in advance of any anticipated breach. The Directors have satisfied themselves that key shareholders remain fully supportive of the business and are likely to continue to be so should the effect of the COVID-19 global pandemic on future operations mean that a further equity injection is required. Therefore, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

a) New standards, interpretations and amendments effective from 1 January 2019

New standards impacting the Group that have been adopted in these first annual financial statements for the period ended 31 December 2019 are:

- IFRS 16 *Leases* (IFRS 16)

Details of the impact this standard has had is given in note 22 below.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for future periods:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Definition of Material)
- IFRS 3 *Business Combinations* (Amendment – Definition of Business) and;
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Orchestra Topco Limited is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

1 Accounting policies *(continued)*

Revenue

As required under IFRS 15 management review the accounting treatment at a material customer contract level. Where almost all revenues are based on the preparation and sale of food on a daily basis, or through the delivery of catering services on a monthly basis, management have determined that the five step model applied to each contract under IFRS 15 will not have a material impact on the consolidated statement of financial position or statement of comprehensive income for the period ended 31 December 2019.

The group's revenue is derived from a number of different sources:

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

IFRS 15 provides a single, principles based five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts.

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Set out below is the revenue recognition policy under IFRS 15 and the five-step model together with the impact of adopting the standard.

Step 1 - Identify the contract(s) with a customer

For all contracts with customers, the Group determines if the arrangement creates enforceable rights and obligations. This assessment results in certain Framework arrangements or Master Service Agreements (MSAs) not meeting the definition of a contract under IFRS 15 unless it specifies the minimum quantities to be ordered. Usually the work order and any change orders together with the Framework or MSA will constitute the IFRS 15 contract.

Contract modifications
A contract modification takes place when the amendment creates new enforceable rights and obligations or changes the existing price or scope (or both) of the contract, and the modification has been approved. Contract modifications can be approved in writing, by oral agreement, or implied by customary business practices.

If the parties to the contract have not approved a contract modification, revenue is recognised in accordance with the existing contractual terms. If a change in scope has been approved but the corresponding change in price is still being negotiated, the Group estimates the change to the total transaction price.

Contract modifications are accounted for as a separate contract if the contract scope changes due to the addition of distinct goods or services and the change in contract price reflects the standalone selling price of the distinct good or service. The facts and circumstances of any modification are considered in isolation as these are specific to each contract and may result in different accounting outcomes.

1 Accounting policies *(continued)*

Revenue *(continued)*

Step 2 - Identify the performance obligations in the contract

Performance obligations are the contractual promises by the Group to transfer distinct goods or services to a customer. For arrangements with multiple components to be delivered to customers, the Group applies judgement to consider whether those promised goods and services are:

- Distinct and accounted for as separate performance obligations;
- Combined with other promised goods or services until a bundle is identified that is distinct; or
- Part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer over time i.e. where the customer is deemed to have simultaneously received and consumed the benefits of the goods or services over the life of the contract, the Group treats the series as a single performance obligation.

Step 3 - Determine the transaction price

At contract inception, the total transaction price is determined, being the amount to which the Group expects to be entitled and has rights under the current contract. This includes the fixed price stated in the contract and an assessment of any variable consideration, up or down, resulting from e.g. discounts, rebates, service penalties. Variable consideration is typically estimated based on the expected value method and is only recognised to the extent it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

Step 4 - Allocate the transaction price to the performance obligations in the contract

The Group allocates the total transaction price to the identified performance obligations based on their relative stand-alone selling prices. This is predominantly based on an observable price or a cost plus margin arrangement.

Step 5 - Recognise revenue when or as the entity satisfies its performance obligations

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where revenue is recognised over time, the Group applies the relevant output or input revenue recognition method for measuring progress that faithfully depicts the Group's performance in transferring control of the goods and services to the customer.

Certain contracts use output methods based upon surveys of performance completed, appraisals of results achieved, or milestones reached which allow the Group to recognise revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Under the input method, measured progress and revenue are recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Group's efforts in delivering the service. Where deemed appropriate, the Group will utilise the practical expedient within IFRS15, allowing revenue to be 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. If performance obligations do not meet the criteria to recognise revenue over time, revenue is recognised at the point in time when control of the good or service passes to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Repeat service-based contracts (single and bundled contracts). The Group operates a number of single or joint-service line arrangements where repeat services meet the definition of a series of distinct services that are substantially the same (e.g. the provision of catering, and reception services). They have the same pattern of transfer of value to the customer as the series constitutes core services provided in distinct time increments (e.g. monthly or quarterly). The Group therefore treats the series of such services as one performance obligation.

1 Accounting policies *(continued)*

Revenue *(continued)*

The majority of revenues are from on-site contracts, which are recognised over time as the customer receives the benefits as the company performs the contracted services. These revenues are stipulated in the contract, and are billed on a monthly basis. There are no elements, which do not relate to the month being invoiced.

Food and drink revenue purchased at sites are recognised when the customer pays at the till checkout. The control passes to the customer at the date when the performance obligation has been carried out, as there is no further unsatisfied performance obligation at that date.

Events revenues are recognised over time and not before the completion of all performance obligations as stipulated by such contract. There is an element of deferred revenues as for some events deposits are required, such deposits are deferred until the performance obligations as stipulated in the contract has been met.

The company evaluates in all contracts whether or not it obtains control of good and services before transferring control to the customer. When the company controls the goods or services before they are transferred to the customer, the revenue is recognised on a gross basis, if there is no control the company will recognise on net basis.

Foreign currency

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.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the period to which they relate.

Business combinations and externally acquired intangible assets

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date at which the Group obtains control over the entity. The cost of an acquisition is measured as the amount of the consideration transferred to the seller, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. The Group measures goodwill initially at cost at the acquisition date, being:

- the fair value of the consideration transferred to the seller, plus;
- the amount of any non-controlling interest in the acquiree, plus;
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree re-measured at the acquisition date, less; and
- the fair value of the net identifiable assets acquired and assumed liabilities.

1 Accounting policies *(continued)*

Business combinations and externally acquired intangible assets *(continued)*

Acquisition costs incurred are expensed and included in administrative costs. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, whether it is an asset or liability, will be recognised as a profit or loss. If the contingent consideration is classified as equity, it is not re-measured.

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Externally acquired intangible assets other than goodwill are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives where they are in use. The amortisation expense is included within the administrative cost in the consolidated statement of comprehensive income. Goodwill is stated at cost less any accumulated impairment losses.

The amounts ascribed to intangible assets recognised on business combinations are arrived at by using appropriate valuation techniques which are categorised as level three on the fair value hierarchy.

The significant intangible assets recognised by the Group, their useful economic lives and the methods used to determine the cost of intangible assets acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Customer relationships	10 - 20 years	Multi-period excess earnings method
Preferred supplier agreement	12 years	Multi-period excess earnings method
Brand name	10 - 15 years	Relief from royalty method

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all 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:

Leasehold 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	-	20%-33.33% per annum straight line
Computer equipment	-	20-33.33% per annum straight line

1 Accounting policies *(continued)*

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial period end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

The Group at 31 December 2019 had 5 CGUs – See note 10.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

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 purchase and other costs incurred in bringing the inventories to their present location and condition.

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

The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

1 Accounting policies *(continued)*

Financial assets *(continued)*

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.

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 cost of sales in the consolidated statement of comprehensive income. 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 has considered whether amounts due from related parties are impaired and conclude that there is an immaterial impact on the financial statements.

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.

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 the statement of comprehensive income.

Offsetting financial instruments

When there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability immediately, financial assets and liabilities are offset, and the net amount reported in the balance sheet. The company has a capitalised loan fee offset against the outstanding creditor. These are amortised over the loan and offset against the relevant creditor.

1 Accounting policies *(continued)*

Financial liabilities *(continued)*

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.

Current and deferred taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit and loss in the statement of total comprehensive income.

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

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company; or

- The different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1 Accounting policies *(continued)*

Share capital

The Group's ordinary shares are classified as equity instruments.

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount in relation to leasehold dilapidations. The provision is recognised where the Group has a present obligation as a result of a past event, it is probable that that an outflow of reserves embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Amounts are discounted except when they are expected to settle within 12 months.

2 Critical accounting estimates and judgements

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.

Judgements

(a) *Impairment of intangible fixed assets*

The Directors must assess whether intangible assets have been impaired during the period. Factors taken into consideration in reaching such a decision 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. 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.

(b) Discount rate for Right of Use assets, and expected lease term

The calculation of the Right of Use liability requires the estimation of future cash flows and the determination of a discount rate, and expected lease term, in order to calculate the present value of those cash flows

2 Critical accounting estimates and judgements *(continued)*

Estimates and assumptions

a) 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 the consolidated statement of comprehensive income in specific periods. More details including carrying values are included in note 12.

b) Likelihood of payment of contingent consideration

IFRS 3 requires that management consider the likelihood of payment of contingent amounts in respect of acquisitions when assessing the fair value of consideration paid. Management is also required to re-assesses the likelihood at each Balance Sheet date. See note 10 for details of management's assessments in relation to the current year acquisitions.

c) *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 including carrying values is included in note 13.

d) Business combinations

The Directors determine and allocate the purchase price of an acquired business to the assets acquired and liabilities assumed as of the business combination date. The purchase price allocation process requires the use of significant estimates and assumptions, including the estimated fair value of the acquired intangible assets, and consideration (including deferred contingent consideration).

While the Directors use their best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the date of acquisition, our estimates and assumptions are inherently uncertain and subject to refinement. Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to:

- future expected cash flows generated by assets over their useful lives;
- the fair value of the property, plant and equipment; and
- discount rates.

The directors revisit their best estimate of deferred contingent consideration to be paid in future periods, at each reporting period-end, based on review of historic and future performance or other metrics against which contingent consideration is calculated.

2 Critical accounting estimates and judgements *(continued)*

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1*: Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities;
- *Level 2*: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and;
- *Level 3*: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Management have determined that no assets or liabilities fall into either Level 1 or Level 2, and that amounts falling into Level 3 relate to deferred consideration on business combinations, which is covered in note 2(f) above.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the inputs into the valuations and the level of the fair value hierarchy as explained above.

f) Provisions

The Directors consider whether dilapidations provisions are required for properties which the Group currently lease based upon the cost to make good the property in accordance with lease terms where appropriate. The cost of such dilapidations is estimated by reference to the group's experience of exiting similar properties and average rates of renovation.

3 Financial instruments - Risk Management

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

- Credit risk
- Interest rate risk
- Liquidity 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.

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

Financial instruments by category

No financial assets at 31 December 2019 were recorded at fair value through profit or loss, or at fair value through other comprehensive income.

Financial assets

	Financial assets at fair value through profit or loss 2019 £'000	Financial assets at amortised cost 2019 £'000
Cash and cash equivalents	-	22,088
Trade and other receivables	-	88,696
Total financial assets	-	110,784

3 Financial instruments - Risk Management *(continued)*

Financial instruments by category *(continued)*

Financial liabilities

	Financial liabilities at fair value 2019 £'000	Financial liabilities at amortised cost 2019 £'000
Trade and other payables due in less than one year (excluding tax and social security liabilities)	-	102,798
Other loans	-	905
Bank loans	-	148,715
Loan notes	-	123,431
Contingent consideration	11,965	-
Total financial liabilities	**11,965**	**375,849**

Financial instruments measured at amortised cost are cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Contingenct consideration is measured at fair value through proift and loss.

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:

2019	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
Trade and other payables	48,029	54,769	-	-	-
Loans and borrowings	6,100	-	4,198	231,220	31,533
Total	54,129	54,769	4,198	231,220	31,533

Included in the above are balances of £135m which incur interest at variable rates linked to LIBOR. A 1.0% increase in the LIBOR rate would equate to a rise in debt service costs of approximately £1.35m per annum.

4 Revenue

Revenue is derived almost entirely from the United Kingdom with the exception of 0.2% of the Group's revenue which is derived from the Republic of Ireland. Revenue is derived from the following sectors:

	2019 £'000
Workplaces	114,373
Education & Healthcare	34,186
Destinations	28,762
Venues	32,221
Events	26,004
Total	**235,546**

5 Auditors' remuneration

During the period the following services were obtained from the Group's auditor at a cost detailed below:

	2019 £'000
Audit services	
Fees payable in respect of the parent company and group	471
Non-audit services	
Tax services	76
Other non-audit services	119
	195
	666

6 Expenses by nature

	2019 £'000
Raw materials and consumables used	81,279
Employee benefit expenses (see note 7)	171,113
Depreciation of property, plant and equipment	2,444
Depreciation of right-of-use assets	2,899
Amortisation of intangible assets	5,402
Exceptional items	10,235

Exceptional costs in 2019 relate to:

- £8.7m of transaction costs associated with the replacement of a major minority investor, and extensive M&A activity in the period
- £0.6m of costs relating to the restructuring and integration of acquired businesses
- £0.7m of exit costs relating to the closure of a regional office and consolidation of support functions and;
- £0.3m of other exceptional costs

7 Employee benefit expenses

	2019 £'000
Employee benefit expenses (including directors) comprise:	
Wages and salaries	156,579
Social security costs	10,670
Pension costs	3,864
Total	171,113

Directors' emoluments and key management personnel compensation

The Directors were remunerated for their services to the Group and their emoluments are disclosed below. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be the directors of the company listed on page 7.

	2019 £
Aggregate emoluments	437,157
Company contributions to money purchase pension plan	18,001
	455,158
The emoluments of the highest paid Director are as follows:	
Aggregate emoluments	158,900
Company contributions to money purchase pension plan	5,589
	164,489

The number of Directors to whom retirement benefits are accrued under money purchase pension schemes in respect of qualifying services is 3.

The average number of employees of the Group during the period was:

	2019 Number
Administration	1,316
Catering staff	8,951
	10,267

8 Finance income and expense

	2019 £'000
Finance income	
Interest received on bank deposits	192
Total finance income	**192**
Finance expense	
Interest expense on bank loans (senior debt)	5,213
Interest expense on loan notes	7,421
Amortisation of bank loan fees	790
Interest expense on leases	823
Unwinding of settlement discount on contingent consideration	765
Other costs of borrowing	638
Total finance expense	**15,650**

9 Tax expense

	2019 £'000
Recognised in the statement of total comprehensive income	
Current tax expense	
Current tax on loss for the period	2,240
Adjustment in respect of acquired business combinations	79
Total current tax	**2,319**
Deferred tax credit	
Origination and reversal of temporary differences	(594)
Temporary timing differences acquired with business combinations	(12)
Total deferred tax credit	(1,524)
Total income tax expense	**795**

9 Tax expense *(continued)*

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

	2019
	£'000
Loss for the period	**(13,341)**
Add back income tax expense	**795**
(Loss)/profit before income taxes	**(12,546)**
Tax using the UK corporation tax rate of 19.00%	**(2,384)**
Fixed asset differences	**32**
Expenses not deductible for tax purposes	**1,654**
Interest not deductible for tax purposes	**1,385**
Difference in CT and DT rates	**108**
Total income tax expense	**795**

Changes in tax rates and factors affecting the future tax charge

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. Subsequent to the reporting date, on 11 March 2020, it has been announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the period end of 17%. This will result in an increase in deferred tax liabilities of £3.6m.

There were no other factors that may affect future tax charges

10 Business combinations

On 31 May 2019 the wholly owned intermediate holding subsidiary, Orchestra Bidco Limited, acquired 100% of the share capital of CH & Co Catering Group (Holdings) Limited ("CH&Co" and its subsidiaries for cash consideration of £49,934k, and £17,065k in respect of a share for share exchange where management and others rolled their investment from CH & Co Catering Group (Holdings) Limited into Orchestra Topco Limited. The value of shares was determined by the enterprise value of CH & Co Catering Group (Holdings) Limited, which itself was determined by the transaction price paid by the minority PE backer, as there was no requirement for selling shareholders to invest in the new group. This business combination was entered into as a result of a change in the minority Private Equity backer to the business. Management consider that the goodwill acquired relates to the anticipated improvement in profitability from winning new contracts and partly to the assembled workforce, which is represented by a large number of employees and is essential in the catering business. Deferred consideration on the acquisition of CH & Co Catering Group Limited, of £1,663k relates to a business combination entered into by CH&Co Catering Group Limited prior to its acquisition by the group. This balance has been recognised at the present value of the full payout.

The other acquisitions made during the year were acquired to further enhance the strength of the Group in its chosen market sectors and geographies, and consist of the following:

On 31 August 2019, the wholly owned intermediate holding subsidiary, CH & Co Catering Group Limited acquired 100% of the issued share capital of Gather & Gather UK ("G&G", previously known as Mitie Catering Limited) and Gather & Gather Ireland for a combined cash consideration of £68,306k, along with contingent consideration of £4,860k. On 31 August 2019, the wholly owned intermediate holding subsidiary, CH & Co Catering Group Limited acquired 100% of the issued share capital of Creativevents Limited ("CE") for a cash consideration of £6,429k. All of these businesses were acquired from Mitie plc. There are two elements to the deferred consideration: The first is due in June 2020 and the potential range of outcomes is a payment from £nil to £6.0m, contingent on the business meeting certain EBITDA based targets in the period to 31 Mar 2020. The second is due in June 2023 and the potential range of outcomes is a payment from £nil to £6.0m, contingent on the business meeting certain EBITDA based targets in the period to 31 Mar 2023. At the date the business was acquired, management assessed the likelihood of payments for both of these two elements, and these were then discounted back to the Fair Value recognised in the financial statements of £4,860k. Subsequent to the year end, and primarily as a result of the Covid global pandemic, the first of these amounts was settled at £nil.

On 30 September 2019, the wholly owned intermediate holding subsidiary, CH & Co Catering Group Limited acquired 100% of the share capital of Company of Cooks Limited ("CoC") and it's 100% owned subsidiary company for a cash consideration of £12,150k, a completion adjustment of £1,270k due to a higher level of working capital in the business than initially anticipated, along with contingent consideration recognised of £5,141k. There are two elements to the deferred consideration, one due in March 2021 and the second due in October 2021 and based on EBITDA performance in the year to 30 September 2020: The first is has a potential range of outcomes from £nil to £4.05m, and the second from £nil to £5.4m. At the date the business was acquired, management assessed the likelihood of payments for both of these two elements, and these were then discounted back to the Fair Value recognised in the financial statements of £4,860k. Subsequent to the year end, and primarily as a result of the Covid global pandemic, both these amounts have been agreed at £nil.

Acquisition costs of £8.7m arose as a result of the transactions. These have been recognised as part of exceptional administrative expenses in the statement of comprehensive income, and are disclosed within exceptional costs in the notes to the financial statements.

Goodwill of £128,857k was recognised on the transactions – see note 27 for further details. The main factors leading to the recognition of goodwill are:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition
- the anticipated improvement in profitability from being part of a group with both increased scale and catering expertise. Goodwill also comprises new standalone contract wins expected to be achieved. , and
- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

10 Business combinations *(continued)*

The goodwill recognised will not be deductible for tax purposes.

There are no minority interests in any of the acquired businesses, and none of business were acquired in stages. See note 27 for details on the Fair Value of assets and liabilities acquired with the businesses, along with each major class of assets acquired and liabilities assumed. There were no contingent liabilities in any of the businesses acquired.

See the Subsequent Events note for details of business combinations whose acquisition date is after the end of the reporting period but before the financial statements are authorised for issue

The table below summarises the provisional amounts recognised relating to the acquisitions which took place during the period:

	2019	**2019**	**2019**	**2019**	**Total**
	CH&Co	**G&G**	**CE**	**CoC**	
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Purchase price					
Cash	49,934	68,306	4,397	12,150	**134,787**
Share for share exchange	17,065	-	-	-	**17,065**
Contingent consideration	-	6,428	-	5,141	**11,569**
	66,999	74,734	4,397	17,291	**163,421**
Identifiable net assets					
Cash	6,377	5,919	2,464	3,833	**18,593**
Trade receivables	37,364	4,456	490	2,216	**44,526**
Inventories	3,465	1,796	348	415	**6,024**
Prepaid expenses and other assets	8,745	15,317	604	518	**25,184**
Property, plant and equipment	6,617	2,843	252	3,136	**12,848**
Right of use assets	21,800	-	-	534	**22,334**
Intangible assets	126,120	56,688	-	5,389	**188,197**
Trade payables	(31,108)	(8,464)	(639)	(5,115)	**(45,326)**
Accrued liabilities	(10,845)	(8,595)	(957)	(1,399)	**(21,796)**
Long term debt	(125,618)	-	-	-	**(125,618)**
Other current liabilities	(20,168)	(11,157)	(93)	(2,669)	**(34,087)**
Right of use liabilities	(21,800)	-	-	(534)	**(22,334)**
Corporation tax	51	(125)	-	-	**(74)**
Other non-current liabilities	(1,913)	-	-	-	**(1,913)**
Net deferred tax liability	(21,441)	(9,637)	-	(916)	**(31,994)**
Total identifiable net liabilities	(22,354)	49,041	2,469	5,408	**34,564**
Goodwill	89,353	24,259	3,362	11,883	**128,857**
Total allocated purchase price	**66,999**	**73,300**	**5,831**	**17,291**	**163,421**

Business combinations *(continued)*

Intangible assets acquired are made up of £32,440k of brand assets, £152,660k of customer relationship assets and £3,097k of preferred supplier agreements. These useful economic lives for brand assets and customer relationship assets are between 10 and 20 years, and preferred supplier agreements are 12 years.

11 Property, plant and equipment

	Site improvements £'000	Motor vehicles £'000	Office equipment, fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
Acquired through business combinations	5,035	588	26,797	4,796	37,216
Additions	2	-	1,873	505	2,380
Disposals	(187)	-	(794)	(6)	(987)
At 31 December 2019	**4,850**	**588**	**27,876**	**5,295**	**38,609**
Accumulated depreciation					
Acquired through business combinations	3,894	506	16,499	3,773	24,672
Charge for the period	202	7	1,885	350	2,444
Disposals	(31)	1	(437)	(9)	(476)
At 31 December 2019	**4,065**	**514**	**17,947**	**4,114**	**26,640**
Net book value					
At 31 December 2019	**785**	**74**	**9,929**	**1,181**	**11,969**

12 Intangible assets

	Goodwill	Brand name	Preferred supplier agreement	Customer relationships	Software development	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Acquired through business combinations	128,857	32,440	3,097	152,660	-	317,054
Additions	-	-	-	-	447	447
At 31 December 2019	128,857	32,440	3,097	152,660	447	317,501
Accumulated amortisation						
Charge for the period	-	1,218	86	4,098	-	5,402
At 31 December 2019	-	1,218	3,011	4,098	-	5,402
Net book value						
At 31 December 2019	128,857	31,222	3,011	148,562	447	312,099

The remaining period of amortisation for brand names is in the range of 10 to 15 years. The remaining period of amortisation for customer relationships is in the range of 10 to 20 years. The remaining period of amortisation for software development is 3 years.

Post balance sheet impairment

The Directors have re-performed the goodwill and intangible asset impairment review as of the date of signing the financial statements, using the following main assumptions:

(h) FY21 - Latest forecast, consistent with the Directors' reasonable worst-case going concern review model;
(i) FY22 - 90% of the Directors' original 2020 budget, approved before the COVID-19 pandemic;
(j) FY23 - 100% of the Directors' original 2020 budget;
(k) FY24-25 – the Directors applied the same revenue growth rates as they had estimated for FY21 and FY22 in their impairment review model as at 31 December 2019;
(l) Terminal EBITDA growth rates of 2% pa, consistent with the impairment review model at 31 December 2019;
(m) Overhead rates are a consistent percentage of revenue, from 2022 onwards; and
(n) The same discount rates were applied, as for the 31 December 2019 impairment review.

On this basis determined by the Directors to be their best estimates, no impairment was identified.

13 Goodwill and impairment

Details of goodwill allocated to cash generating units for which the amount of goodwill allocated is significant in comparison to total goodwill is as follows:

	2019 £'000
Workplaces	**48,438**
Education and Healthcare	**27,064**
Destinations	**25,297**
Venues	**16,872**
Events	**11,186**
	128,857

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. Goodwill at 31 December 2019 was assessed on the basis of value in use using the following assumptions, which reflect past experience of the Group:

Cash-generating unit

	Workplace	Education & Healthcare	Destinations	Venues	Events
Discount rate pre-tax	13.9%	13.9%	14.8%	14.8%	14.8%
Terminal value after 5 years	£79m	£68m	£28m	£34m	£11m
Period on which detailed forecasts were based	5 years	5 years	5 years	5 years	5 years
Revenue and gross margin growth rate applied from FY21 being a 4 year detailed forecast period (average)	2.0%	10.6%	6.6%	0.0%	4.7%
Change in overheads rate applied from FY21 being a 4 year detailed forecast period (average)	1.1%	(2.4)%	(0.7)%	(6.7)%	(5.5)%
EBITDA Growth rate applied beyond approved forecast to period 5	2.0%	2.0%	2.0%	2.0%	2.0%

The above assumptions assume that the existing margin percentages on sales are maintained through the five year forecast period

The growth rate beyond the forecast period is based on a blend of average growth rates experienced by the Group and management's assessment of industry and macro-economic outlooks. Discount rates are based on the Group's WACC.

On review, the Directors are satisfied that no impairment has taken place during the period.

If the following adjustments were made to key assumptions, the carrying values and recoverable amounts of each of the cash-generating units would be equal.

13 Goodwill and impairment *(continued)*

Cash-generating unit

	Workplace	Education & Healthcare	Destinations	Venues	Events
A change in discount rate to:	15.3%	23.8%	16.0%	21.2%	18.0%
An average change in EBITDA growth from year 2 onwards	0.6%	5.1%	6.5%	(3.4)%	7.2%
An average change in overhead cost from year 2 to	3.7%	13.6%	3.5%	2.1%	2.8%

14 Inventories

	2019 £'000
Raw materials and consumables	**6,582**

There is no material difference between the replacement cost of inventories and the amounts stated above.

15 Trade and other receivables

	2019 £'000
Trade receivables	**58,464**
Less: provision for impairment of trade receivables	**(843)**
Trade receivables – net	**57,621**
Other receivables	**31,075**
Total financial assets other than cash and cash equivalents classified at amortised cost	**88,696**
Prepayments	**6,247**
Total trade and other receivables	**94,943**

The carrying value of trade and other receivables classified as at amortised cost approximates fair value.

Other receivables include amounts due from suppliers for volume based rebates, along with accrued income.

15 Trade and other receivables *(continued)*

The lifetime expected loss provision for trade receivables and contract assets is as follows:

31 December 2019	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total £'000**
Expected loss rate	0.1%	0.2%	1.0%	17.56%	
Gross carrying amount	43,907	6,978	3,292	4,287	58,464
Loss provision	43	14	33	753	843

As at 31 December 2019 trade receivables of £771k 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 obligations as they fall due., the debts are 6 months or more past due and therefore unrecoverable. The ageing of these receivables is as follows:

	2019 £'000
Up to 3 months	-
3 to 6 months	-
6 to 12 months	**771**
	771

Movements in the impairment allowance for trade receivables are as follows:

	2019 £'000
Opening provision for impairment of trade receivables	-
Increase during the period	**843**
Impairment loss during the period	**843**
At 31 December	**843**

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Included in other receivables are amounts of £23,384 due from Directors. See note 23 for further details.

16 Cash and cash equivalents

	2019 £'000
Cash and cash equivalents per the statement of financial position	22,088
Cash and cash equivalents per the statement of cash flows	22,088

The balance comprises solely of cash at bank and on hand.

17 Trade and other payables

	2019 £'000
Trade payables	49,029
Other payables	12,595
Accruals	26,764
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	87,688
Other payables - tax and social security payments	12,845
Other payables - Corporation tax	1,565
Total trade and other payables	102,798

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

18 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Due between 1 and 2 years £'000	Due between 2 and 5 years £'000	Due after 5 years £'000	2019 Total £'000
Current				
Bank loans and overdrafts	6,100	-	-	6,100
Non-Current				
Bank loans	-	-	142,615	142,615
Loan notes (unsecured)	3,294	86,086	34,051	123,431
Other loans	384	-	-	384
	9,778	86,086	176,666	272,530

18 Loans and borrowings *(continued)*

Terms and debt repayment schedule

	Amount	Currency	Nominal interest rate	Year of maturity
Bank overdraft	6,100	GBP	n/a	2020
Equistone loan notes	72,697	GBP	11.5%	2029
Equistone loan	32,000		20.0%	2029
Deferred loan notes	1,544	GBP	5.0%	2029
Management loan notes	6,769	GBP	7.5%	2029
FY19 loan notes	3,000	GBP	7.5%	2029
Senior facility B1	90,000	GBP	6.5% Above LIBOR	2026
Senior facility B2	45,000	GBP	6.5% Above LIBOR	2026
Capex facility drawdown	12,000	GBP	7.3%	2026
Other loan (CH & Co)	284	GBP	n/a	2021
	269,394			
Capitalised loan fees	(4,285)			
Accrued interest	7,421			
	272,530			

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.

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17%. The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. Subsequent to the reporting date, on 11 March 2020, it has been announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the period end of 17%. This will result in an increase in deferred tax liabilities of £3.6m.

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 and temporary fixed asset and short term differences.

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

	Asset 2019 £'000	Liability 2019 £'000	Net 2019 £'000	Charged to profit or loss 2019 £'000	Charged to equity 2019 £'000
Accelerated capital allowances	75	-	75	116	-
Other temporary and deductible differences	510	156	354	449	-
Available losses	210	-	210	41	-
Arising from Business combinations	-	(31,075)	(31,075)	918	-
Tax asset/(liability)	795	(30,919)	(30,436)	1,524	-

The amounts arising from business combinations relates to deferred tax on related intangible assets arising on business combinations, as described in note 10.

20 Share capital and share premium

	Authorised, issued and fully paid 2019 Number	Authorised, issued and fully paid 2019 £	Share premium 2019 £
A ordinary shares issued at £0.0000025 per share	**875,000**	**2**	**16,550,001**
B ordinary shares issued at £0.0001 per share	**163,128**	**16**	**514,977**
At 31 December	**1,038,128**	**18**	**17,064,978**

Rights attached to shares

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 £39,936,949 (The "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;
- Second any amounts in excess of the Hurdle Amount shall be distributed against the holders in 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.

- On 29 January 2019 the Company issued 1 Ordinary share of €1. On 4 April 2019 the Company redominated its issued share capital that the 1 Ordinary share of €1.00 nominal value as 1 Ordinary share of £0.85 nominal value.
- On 30 May 2020 the Company issued 340,000 Ordinary shares of £0.0000025.
- On 31 May 2020 the Company sub-divided 340,000 Ordinary shares of £0.0000025 each and re-designated as Ordinary A shares of £0.0000025 each. The company also issued an additional 535,000 Ordinary A Shares of £0.0000025 each at a premium of £75.21 per share.
- On 31 May 2020 the Company issued 114,145 Ordinary B shares of £0.0001 at a premium of £1.00 per share and;
- On 22 October 2019 the Company issued 48,983 Ordinary B shares of £0.0001 at a premium of £1.00 per share.

21 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	The merger reserve includes amounts that have been issued following the restructure of the Group in the period ended 31 December 2019.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

22 Leases

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 inherent 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 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 reasonable certain to assess that option;
- 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 direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

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 asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), 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 the 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.

22 Leases *(continued)*

Right-of-Use Assets

	Land and buildings 2019 £'000	Motor Vehicles 2019 £'000	Equipment 2019 £'000	Total 2019 £'000
Acquired through business combinations	21,052	545	737	22,334
Additions	3,607	127	118	3,852
Depreciation charge for the period	(2,510)	(185)	(204)	(2,899)
Balance at 31 December 2019	22,149	487	651	23,287

Lease Liabilities

	Land and buildings 2019 £'000	Motor Vehicles 2019 £'000	Equipment 2019 £'000	Total 2019 £'000
Acquired through business combinations	21,052	545	737	22,334
Additions	3,607	127	118	3,852
Interest expense	738	9	43	790
Lease payments	(2,692)	(158)	(282)	(3,132)
Balance at 31 December 2019	22,705	523	616	23,844

At 31 December 2019	Between 1 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	After 5 years £'000
Lease liabilities	6,342	5,614	11,023	865

22 Leases *(continued)*

	2019 £'000
Short-term lease expense	276
Low value lease expense	92
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Aggregate undiscounted commitments for short-term leases	6,914

At 31 December 2019	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Lease liabilities	377	1,132	5,405	-

23 Related party transactions

During the period 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 18.

The key management personnel are deemed to be the Directors. Details of Directors' remuneration are given in note 7.

On 2 October 2019 four loans totalling £23,384 were made certain Directors and used to subscribe for B shares in Orchestra Topco Limited. The loans accrue interest of 1% PA, and all amounts remain outstanding at the period end.

The Group has a joint venture in which it owns 50% of the issued share capital of Full Circle Performance and Production Limited, however the group takes no part in the management decisions made in this entity, and receives no financial return from this investment. Therefore, whilst the Directors consider that this should be accounted for as an associate, due to immateriality it has been excluded from the consolidation. The Group is currently in discussions to dispose of this investment for minimal consideration. During the year the group made purchases of £3,138,870 from, and sales of £501,434 to, Full Circle Limited. The balance outstanding at 31 December 2019 was £509,000

24 Subsequent events

Subsequent to the Balance Sheet date, the COVID-19 outbreak has escalated to a global pandemic. The impact of this has been considered on the financial statements up to the date of signing. The impact on the going concern assessment has been considered in the Directors Report and in note 2. No adjustments are deemed necessary in respect of this matter.

In March 2020 the Group's financial performance was adversely impact by the Covid-19 pandemic and subsequent national lockdown. The impact of lockdown and social distancing measures on the food and hospitality sectors has been well documented and CH&CO as a Group was very much exposed to this across all the business sectors in which it operates.

24 Subsequent events *(continued)*

The Group operates in the following sectors which were adversely impacted by the pandemic.

- **Workplaces** where employees using our staff restaurants and hospitality services were dramatically reduced due to the stay at home and work from home guidance.
- **Destinations and visitor attractions**, which were closed during lock down and have subsequently been adversely impacted even after re-opening by the fall in overseas tourists and social distancing measure within restaurants.
- **Venues and Conferencing and banqueting**, which were closed during lockdown and remain effectively closed because of the restriction of numbers at events.
- **Events and Parties**, where the lockdown put paid tour summer season and restrictions on numbers have meant that our winter party season is unviable.
- **Education**, where we did continue to operate through out lockdown on minimal volumes feeding the children of key workers and at increased capacity following the reopening of schools
- **Healthcare**, whilst only a small part of our business, we remained open throughout the period and we were also very proud to provide the catering services to the Dragon's Heart Nightingale Hospital in Cardiff.

When the extent of the impact was becoming evident in early March, the Directors took swift and decisive action to protect the business and took steps to reduce the group's cost base. The Directors and senior *Management sacrificed or significantly reduced salaries and took full advantage of the Government Job* Retention Scheme to furlough colleagues for the period where the business had minimal revenues.

The Group already had good financial controls and processes in place for Financial Forecasting and cost and cash management. These processes were enhanced to build rolling forecasting models to enable us to respond speedily to the ever-changing trading environment in the post Covid world.

The most urgent action for the Directors was to ensure the long-term stability and liquidity of the business. To that end, the shareholders began immediate consultations with its Lenders. As a result of this, the Shareholders made a capital injection into the Group of £15m in May 2020. At the same time, our Lenders revised the Senior Facilities Agreement to re-set our Financial Covenants to reflect the ongoing impact of the pandemic and to ensure the stability of the Group. In addition, a new £5m revolving credit facility was put in place for a twelve-month period to May 2021 should this be required.

Based upon financial projections, and to mitigate the ongoing impact of the pandemic on trading, the Directors have conducted an ongoing review of the cost base of the business and regrettably have had to make a significant number of redundancies across both our overhead and site-based colleagues. We continue to try and utilise the various Government Job Support Schemes and to work with our clients to try and preserve as many jobs as possible.

As a result of the review of our cost base and restructuring, the Directors are confident that they now have the appropriate level of resource in place to respond to the changing conditions of the market and the recovery of our sectors when this occurs.

The Group has worked very closely with its clients over the pandemic to help to restructure contracts in a way that provides optimum service at optimum cost for all parties. We are delighted with the way in which our clients and operational teams and support teams have responded to the challenges of these unique times.

24 Subsequent events *(continued)*

Working in conjunction with our clients and with insights from industry bodies and Government, we have prepared financial forecasts on the basis of "reasonable worst-case scenario" for each contract and for each of the sectors in which we operate. On this basis we are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. We also have sufficient headroom in cash reserves and covenant headroom to weather any future restrictions and extended lockdowns. We are able to draw on our experience of the first lockdown and subsequent months to speedily reduce our cost base in line with any reductions in revenues.

The experience of the pandemic has given us confidence that we have deep and long-term relationships with our client base, and we are confident of our ability to recover the business quickly as we emerge from the pandemic.

On 28 February 2020 the group acquired 100% of the issued share capital of Vacherin Limited.

25 Ultimate parent company and control

There is not considered to be a single ultimate controlling party.

26 Notes supporting statement of cash flows

Significant non-cash transactions from investing activities are as follows:

	Total £000
Contingent consideration for business combination	11,389
Share for share exchange	17,065

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Non-current loans and borrowings £000 (note 10&18)	Current loans and borrowings £000 (note 1)	Total £000
On incorporation	-	-	-
Cash Flows	-	-	-
Non-cash flows			
- Amounts recognised on business combinations	125,618	-	125,618
- Interest accruing in period	7,421	-	7,421
	133,039	-	133,039

27 Acquisitions

See note 10 for details on the acquisitions, and details of consideration paid.

The fair value of the assets acquired, together with details of the purchase consideration and goodwill arising on the acquisitions are shown below:

CH & Co	Book Value £'000	Fair Value adjustments £'000	Fair Value £'000
Fixed assets			
Tangible fixed assets	6,617	-	6,617
Right-of-use assets	21,800	-	21,800
intangible fixed assets (IFA)	121,700	4,420	126,120
Current assets			
Stock	3,466	-	3,465
Debtors	46,109	-	46,109
Current tax asset	59	(8)	51
Cash	6,377	-	6,377
Liabilities			
Creditors	(187,070)	(4,596)	(189,652)
Lease liabilities	(21,800)	-	(21,800)
Corporation tax	(507)	507	-
Deferred tax on IFA	(8,435)	(13,006)	(21,441)
Net assets			**(22,354)**
Goodwill (note 10)			**89,353**
			66,999
Consideration:			
Settled by cash			49,934
Settled by share for share exchange			17,065
			66,999
Purchase consideration settled in cash			43,934
cash and cash equivalents in subs			(6,377)
Cash outflow on acquisition net of cash acquired			**37,557**

Goodwill has an indefinite economic useful life. The useful economic life of other intangible assets is between 10 and 20 years based on the nature/location of assets.

27 Acquisitions *(continued)*

G&G, G&GI & CE	Book Value £'000	Fair Value adjustments £'000	Fair Value £'000
Fixed assets			
Tangible fixed assets	2,953	142	3,095
intangible fixed assets (IFA)	7,985	48,703	56,688
Current assets			
Stock	2,144	-	2,144
Debtors	20,453	414	20,867
Current tax asset	289	(289)	-
Cash	8,383	-	8,383
Liabilities			
Creditors	(29,728)	(177)	(29,905)
Corporation tax	-	(125)	(125)
Deferred tax	-	(9,637)	(9,637)
Net assets			**51,510**
Goodwill (note 10)			**27,621**
			79,131
Consideration:			
Settled by cash			72,703
Contingent consideration			6,428
			79,131
Purchase consideration settled in cash			72,703
cash and cash equivalents in subs			(8,383)
Cash outflow on acquisition, net of cash acquired			**64,320**

Goodwill has an indefinite economic useful life. The useful economic life of other intangible assets is between 10 and 20 years based on the nature/location of assets.

27 Acquisitions *(continued)*

<u>CoC (incl. subsidiary)</u>	Book Value £'000	Fair Value adjustments £'000	Fair Value £'000
Fixed assets			
Investments	100	(100)	-
Tangible fixed assets	3,136	-	3,136
Right-of-use assets	534	-	534
Intangible fixed assets (IFA)	-	5,389	5,389
Current assets			
Stock	415	-	415
Debtors	2,717	17	2,734
Cash	3,833	-	3,833
Liabilities			
Creditors	(9,119)	(64)	(9,183)
Lease liabilities	(534)	-	(534)
Deferred tax	-	(916)	(916)
Net assets			**5,408**
Goodwill (note 10)			**11,883**
			17,291
Consideration:			
Settled by cash			12,150
Contingent consideration			5,141
			17,291

Purchase consideration settled in cash	12,150
cash and cash equivalents in subs	(3,833)
Cash outflow on acquisition, net of cash acquired	**8,317**

Goodwill has an indefinite economic useful life. The useful economic life of other intangible assets is between 10 and 20 years based on the nature/location of assets.

27 Acquisitions *(continued)*

Impact of acquiree on amounts reported in the statement of comprehensive income

The amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is as follows:

	Gather &Gather	Company of Cooks	CH
	£'000	**£'000**	**£'000**
P&L			
Revenue	46,714	7,843	180,988
Cost of Sales	41,213	5,755	148,787
Gross profit	5,502	2,088	32,201
Overheads	4,234	1,854	12,798
Operating profit	**1,267**	**234**	**19,404**

The revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period is as follows:

	£'000
P&L	
Revenue	465,649
Cost of Sales	398,688
Gross profit	66,961
Overheads	54,409
Operating profit	**12,552**

Orchestra Topco Limited

Company statement of financial position
at 31 December 2019

Company number 11795592	Note	2019 £'000
Assets		
Non-current assets		
Investments	3	-
Other receivables	5	**40,452**
Total assets		**40,452**
Total liabilities		-
Net assets		**40,452**
Issued capital and reserves attributable to owners of the parent		
Share capital	6	-
Share premium	6	**17,065**
Merger reserve	7	**23,387**
Accumulated deficit		-
Total equity		**40,452**

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 made a profit for the period of £nil.

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2020 and were signed on its behalf by:

W J Toner
Director

The notes on pages 63 to 68 form part of these financial statements.

Orchestra Topco Limited

Company statement of changes in equity
for the period ended 31 December 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total Equity £'000
On incorporation	-	-	-	-	-
Comprehensive income for the period					
Loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-
Contributions by and distributions to owners					
Issues of shares, net of costs	-	17,065	23,387	-	40,452
Total contributions by and distributions to owners	-	**17,065**	**23,387**	-	**40,452**
31 December 2019	-	**17,065**	**23,387**	-	**40,452**

The notes on pages 63 to 68 form part of these financial statements.

1 Accounting policies

Basis of preparation

The parent company financial statements have been prepared in accordance with FRS 100 'Application of Financial Reporting Requirements' and FRS 101 'Reduced Disclosure Framework'.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied to the period presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts are rounded to the nearest thousand, unless otherwise stated.

As a consolidated statement of total comprehensive income is published, no separate statement of comprehensive income for the parent company has been included in these financial statements, as permitted by section 408 of the Companies Act 2006. The loss in respect of the company for the period is shown on the company statement of financial position. The remuneration of the directors of the company is disclosed in note 7 to the consolidated financial statements. Auditor's remuneration is disclosed in note 5 to the consolidated financial statements.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- financial instrument disclosures;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Group.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of the group. These financial statements do not include certain disclosures in respect of:

- share based payments;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

Presentational currency

The currency used in the presentation of these financial statements is British Pound Sterling which is its functional currency.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

1 Accounting policies *(continued)*

Going concern

Details of going concern are provided in note 1 to the consolidated financial statements.

Investments

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Financial assets

The Company does not have any financial assets which it would classify as fair value through profit or loss, or fair value through other comprehensive income. Therefore all financial assets are classed as below:

Financial assets at amortised costs

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. Please refer to note 1 on page 29 for the policy on calculating impairment provisions.

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.

The Group has considered whether amounts due from related parties are impaired and conclude that there is an immaterial impact on the financial statements.

Financial liabilities

The Company does not have any financial liabilities that would be classified at fair value through profit or loss. Therefore these financial liabilities are classified as financial liabilities at amortised cost, as defined below.

Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the date of the statement of financial position.

1 Accounting policies *(continued)*

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and a the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

2 Critical accounting estimates and judgements

The Company 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. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Details of the Group related estimates are outlined in note 2 of the consolidated financial statements.

Impairment risk

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

3 Investments

The 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 ownership interest at 31 December 2019	Principal activity
Orchestra Midco Limited	United Kingdom	11795699	100%	Holding Company
Orchestra Holdco Limited	United Kingdom	11795652	100%*	Holding Company
Orchestra Bidco Limited	United Kingdom	11795749	100%*	Holding Company
CH & Co Catering Group (Holdings) Limited	United Kingdom	09504990	100%*	Holding Company
CH & Co Catering Group Limited	United Kingdom	09505062	100%*	Holding Company
CH & Co Catering Limited	United Kingdom	02613820	100%*	Catering services
HCMGH Limited	United Kingdom	09005752	100%*	Holding Company
Host Management Limited	United Kingdom	04759938	100%*	Catering services
Catermasters Contract Catering (Holding) Company Limited	United Kingdom	08092736	100%*	Holding Company
Catermasters Contract Catering Limited	United Kingdom	03820136	100%*	Catering services
Ensemble Combined Services Limited	United Kingdom	07459986	100%*	Catering services
Juice for Life Limited	United Kingdom	05402911	100%*	Catering services
Bite Catering Limited	United Kingdom	05097580	100%*	Catering services
The Brookwood Partnership Limited	United Kingdom	03271727	100%*	Catering services
Absolutely Catering Limited	United Kingdom	06313610	100%*	Catering services
Absolutely Catering Partnership Limited	United Kingdom	08611165	100%*	Dormant Company
Absolutely Partnership Limited	United Kingdom	08611346	100%*	Dormant Company
Chester Boyd Limited	United Kingdom	01730792	100%*	Dormant Company
Charlton House Unique Venues Limited	United Kingdom	04710919	100%*	Dormant Company
Turtle Soup Limited	United Kingdom	03351681	100%*	Dormant Company
Graison Limited	United Kingdom	03351691	100%*	Dormant Company
The In House Catering Company Limited	United Kingdom	03085591	100%*	Dormant Company
Harbour & Jones Limited	United Kingdom	05016914	100%*	Catering services
Upfront Reception Services Limited	United Kingdom	09156540	100%*	Catering services
Principal Catering Consultants Limited	United Kingdom	02419830	100%*	Catering services
Concerto Group Holdings Limited	United Kingdom	06459580	100%*	Catering services
Concerto Group Limited	United Kingdom	02063425	100%*	Catering services
Concerto Events Limited	United Kingdom	02316740	100%*	Catering services
Create Food Limited	United Kingdom	02857354	100%*	Catering services
Delfina Events Limited	United Kingdom	06026055	100%*	Dormant Company
Touch of Taste Limited	United Kingdom	01989192	100%*	Dormant Company
Business Pursuits Limited	United Kingdom	04823991	100%*	Dormant Company
Ultimate Experience Limited	United Kingdom	07804608	100%*	Dormant Company
Full Circle Performance and Production Limited	United Kingdom	11835971	50%*	Event management
Mask UK Limited	United Kingdom	06449035	100%*	Dormant Company
Inspire Catering Scotland LLP	United Kingdom	SC301918	100%*	Catering services
Gather & Gather Limited	United Kingdom	03610591	100%*	Catering services
Creativevents Limited	United Kingdom	03365722	100%*	Catering services
Gather & Gather Ireland Limited	Ireland	654479	100%*	Catering services
Company of Cooks Ltd.	United Kingdom	03395673	100%*	Catering services
Public Restaurant Partner Limited	United Kingdom	05111519	100%*	Catering services

*Investment held indirectly

3 Investments *(continued)*

The investment balance is £1 at 31 December 2019.

The registered office for Harbour and Jones Limited is 127-133 Charing Cross Road, London, WC2H 0EW.

The registered office of Full Circle Performance and Production Limited is Acre House, 11/15 William Road, London, United Kingdom, NW1 3ER.

The registered office of Company of Cooks Ltd. Is 29/30 Fitzroy Square, London, United Kingdom, W1T 6LQ.

The registered office of Inspire Catering Scotland LLP is 15 Gladstone Place, Stirling, Scotland, FK8 2NN

The registered office of Gather & Gather Ireland Limited is No.1 Windmill Lane, Dublin Docklands, DO2 F206

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 2019 thereby allowing 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 period ended 31 December 2019.

4 Employee benefit expenses

No staff are employed by Orchestra Topco Limited and therefore no employee costs are charged to the company. The employee costs for the consolidated group are shown in note 7 to the consolidated financial statements.

5 Other Receivables

	2019
	£'000
Amounts owed by group undertakings	**40,452**
Total receivable	**40,452**

6 Share capital and share premium

	Authorised, issued and fully paid		Share premium
	2019	2019	2019
	Number	£	£
A ordinary shares issued at £0.0000025 per share	875,000	2	16,550,001
B ordinary shares issued at £0.0001 per share	163,128	16	514,977
At 31 December	1,038,128	18	17,064,978

Rights attached to shares

Details of rights attached to shares are provided in note 20 to the consolidated financial statements.

7 Reserves

Details of the company reserves are provided in note 21 to the consolidated financial statements.

8 Related party transactions

Details of related party transactions with related parties outside the Group are provided in note 23 to the consolidated financial statements.

9 Subsequent events

Details of subsequent events are provided in note 24 to the consolidated financial statements.