SSP South America Holdings Limited

Annual report and financial statements

Registered number 11508434

30 September 2020

Contents

Company information

Directors

R Chaplin
M E Collins
J O Davies
R A Worrell

Secretary

H Byrne

Registered Office

Jamestown Wharf
32 Jamestown Road
London
NW1 7HW
United Kingdom

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Strategic report

Principal activities and operations

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

The Company acts as a holding company for the group's interests in South America. The Company has a USD functional currency.

Business review

The Company was incorporated on 9 August 2018 and began operations in the previous period. The loss for the year was $112,830 (*2019; $32,729*), which includes net interest expenses of $112,767 (*2019: $32,588*).

Share Capital

The Company was incorporated with share capital of £1. However, since the Company's functional currency is the USD, the original share capital (comprising one ordinary share of £1) was redenominated and subdivided into 130 ordinary shares of USD 0.01 each on 31 January 2020. The capital was increased on the same day by the issue of 99,870 ordinary shares of USD 0.01 each at a premium of USD 0.99 per share. The capital was then increased by the issue of 1,900,000 shares of USD 0.01 each at a premium of USD 0.99 per share on 29 September 2020.

Principal risks and uncertainties

The Company is part of the SSP Group. The directors of SSP Group plc manage the Group's overall risk management strategy at a Group level, rather than on an individual company level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of this company. The principal risks and uncertainties of SSP Group plc, which include those of the Company, are included in the strategic report section on pages 36 to 41, and in note 29 to the consolidated financial statements on pages 142 to 146, of the Group's annual report and accounts, which do not form part of this report. The annual report and accounts of SSP Group plc are available to the public and may be obtained via the Investors section of the SSP website: www.foodtravelexperts.com. The directors of the Company have, however, reviewed the risks that may restrict or seriously impact the ability of the Company to carry on its activities. The key risks affecting the Company are as follows:

Investment Risk

As a holding company within the SSP Group, the Company is exposed to falls in the value of its investments. The Company reviews investment values in cases of a trigger event that may cause the fair value to be lower than the carrying value and adjusts the carrying value accordingly. The Company has reviewed the value of its investment in its partly owned subsidiary, SSP DFA Restaurantes Brasil Ltda, and determined that no impairment is required (no trigger events occurred in the previous period).

Since the first quarter of calendar year 2020, Coronavirus has been having an adverse impact on the economic environment in the UK and elsewhere, with "lockdowns" and other travel restrictions in many territories resulting in temporary closure of units across the Group (including in South America) and a reduction in spending in the travel food and beverage markets – see note 1 to the financial statements.

Strategic report *(continued)*

Key Performance Indicators

The Group's directors manage the Group's operations on a consolidated basis using key performance indicators. For this reason, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company's business or that of its investments. The key performance indicators of SSP Group plc are set out on pages 30 to 32 of the Group's annual report which does not form part of this report. The annual report and accounts of SSP Group plc are available to the public and may be obtained via the Investors section of the SSP website: www.foodtravelexperts.com.

By order of the board

Russell Chaplin

Director

22 July 2021

Directors' report

Directors

The directors who held office during the year, and at the date of this report, were as follows:

R Chaplin

M E Collins

J O Davies

R A Worrell (appointed 1 November 2019)

The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Employees

The Company did not employ any members of staff during the year (*2019: none*). All accounting transactions were processed by employees of SSP Group plc.

Proposed dividend

The directors do not recommend the payment of an ordinary dividend (*2019: $nil*).

Political and charitable contributions

The Company made no political or charitable contributions during the year (*2019: $nil*).

Disclosure of information to the auditor

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

Going concern

The Company is a wholly-owned subsidiary undertaking of SSP Group plc (the parent company of the SSP Group).

It currently acts as an intermediate holding company for investments in South America and has no material funding requirements of its own.

The Company expects to receive financial support (to the extent it may need it) from its immediate parent company, SSP Financing Limited.

Despite the outbreak of the Covid-19 pandemic and the ensuing impact on the travel markets in which the SSP Group operates, the directors are satisfied (for the reasons given in note 1 to the financial statements) that SSP Financing Limited (the financing company for the SSP Group) can continue as a going concern and will be able to fund the Company for the period to the end of September 2022.

Consequently, the directors of the Company are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 14 months from the date of approval of the financial statements and therefore have prepared the financial statements of the Company on a going concern basis.

Directors' report *(Continued)*

Auditor

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

By order of the board

Russell Chaplin

Director

22 July 2021

Registered Office:
Jamestown Wharf
32 Jamestown Road
London
NW1 7HW
United Kingdom

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

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of SSP South America Holdings Limited

Opinion

We have audited the financial statements of SSP South America Holdings Limited ("the Company") for the year ended 30 September 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least 14 months from the date of approval of the financial statements ("the going concern period").

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

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

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of directors and inspection of policy documentation as to the SSP South America Holdings Limited's policies and procedures to prevent and detect fraud, as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading Board Minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

Fraud and breaches of laws and regulations – ability to detect (*continued*)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

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

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

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of SSP South America Holdings Limited

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Nicholas Frost (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London, E14 5GL,
United Kingdom

22 July 2021

Profit and loss account

For the year ended 30 September 2020

	Note	**2020**	2019
		$	$
Income from fixed asset investments		**-**	-
Administrative expenses		**(63)**	(141)
Operating loss	*3*	**(63)**	(141)
Interest payable	*5*	**(112,767)**	(32,588)
Loss on ordinary activities before tax		**(112,830)**	(32,729)
Tax on profit on ordinary activities	*6*	**-**	-
Loss for the period		**(112,830)**	(32,729)

Statement of comprehensive income

For the year ended 30 September 2020

	2020	2019
	$	$
Loss for the financial period	**(112,830)**	(32,729)
Total comprehensive loss for the period	**(112,830)**	(32,729)

The accompanying notes on pages 13 to 19 are an integral part of the financial statements.

Balance sheet

At 30 September 2020

	Note	2020 $	2019 $
Fixed assets			
Investments	*7*	**2,999,514**	1,299,922
Current assets			
Cash and cash equivalents		**223**	317
Current liabilities			
Creditors falling due within one year	*8*	**(1,145,296)**	(1,332,838)
Net current liabilities		**(1,145,073)**	(1,332,521)
Net assets/(liabilities)		**1,854,441**	(32,599)
Capital and reserves			
Called up share capital	*9*	**20,000**	1
Share premium account	*10*	**1,980,000**	129
Profit and loss account	*10*	**(145,559)**	(32,729)
Equity shareholders' funds		**1,854,441**	(32,599)

The accompanying notes on pages 13 to 19 are an integral part of the financial statements.

These financial statements were approved by the board of directors on 22 July 2021 and were signed on its behalf by:

Russell Chaplin

Director

Company registered number: 11508434

Statement of changes in equity

At 30 September 2020

	Share capital	Share premium	Profit and loss account	Total equity
	$	$	$	$
Shareholder capital investment	1	129	-	130
Loss for the period	-	-	(32,729)	(32,729)
At 30 September 2019	1	129	(32,729)	(32,599)
Shareholder capital investment	19,999	**1,979,871**	-	1,999,870
Loss for the period	-	-	(112,830)	**(112,830)**
At 30 September 2020	**20,000**	**1,980,000**	**(145,559)**	**1,854,441**

The accompanying notes on pages 13 to 19 are an integral part of the financial statements.

Notes to the financial statements

1 Accounting policies

SSP South America Holdings Limited (the "Company") is a company incorporated and domiciled in the UK. The Company's functional currency is the United States Dollar as all the principal activities of the Company are performed in that currency.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2017 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions:
– the cash flow statement and related notes;
– disclosures in respect of transactions with wholly owned subsidiaries;
– disclosures in respect of capital management; and
– the effects of new but not yet adopted IFRSs;

As the Company is a wholly owned subsidiary undertaking of SSP Group plc, it is exempt under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

Notwithstanding a loss for the year then ended of $0.1 million and net current liabilities of $1.1 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for the Company for a period of 14 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of the Covid-19 pandemic, the Company will have sufficient funds, through funding from its immediate parent company, SSP Financing Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on SSP Financing Limited not seeking repayment of the amounts currently due to it, which at 30 September 2020 amounted to $1.1 million, and providing additional financial support as required during that period. SSP Financing Limited has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

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

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Going concern (continued)

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

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

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

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

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

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 14 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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 is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Investments

Investments in subsidiaries are stated at cost less provision for impairment losses.

Impairment

The carrying values of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless arising on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

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

Reversals of impairments

Where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current year.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements *(continued)*

2 Significant accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

Investments

Investments in subsidiaries are stated at cost less provision for impairment losses. These assets are subject to impairment reviews to ensure that the investment are not carried above their recoverable amounts. The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment (refer to note 7 for further details). Inputs into the discount rate calculation include a country risk-free rate and inflation differential to the UK, country risk premium, market risk premium and company specific premium.

3 Operating loss

Operating loss is stated after charging:

	2020	2019
	$	$
Auditor's remuneration:		
Audit of these financial statements	-	-

The auditor's remuneration of £2,000 (2019: £2,000) was borne by the Company's ultimate parent company, SSP Group plc.

4 Remuneration of directors and employees

The directors of the Company provide qualifying services to the SSP Group and a number of its subsidiaries. The directors' emoluments in respect of qualifying services to the Company have not been disclosed in these accounts as they are considered immaterial. The directors' emoluments were borne by the Company's ultimate parent company, SSP Group plc, and by a fellow subsidiary, Select Service Partner UK Limited. The Company does not employ any staff.

5 Interest payable

	2020	2019
	$	$
Interest payable to group undertakings	112,767	32,588
	112,767	32,588

6 Taxation

	2020	2019
	$	$
Current tax		
Current year	-	-
Total tax expense	-	-

Notes to the financial statements *(continued)*

6 Taxation *(Continued)*

Reconciliation of effective tax rate

The tax expense for the year differs from the standard rate of corporation tax applicable in the UK of 19.0% *(2019: 19.0%)* applied to the loss on ordinary activities before tax for the year. The differences are explained below:

	2020	2019
	$	$
Tax reconciliation		
Loss on ordinary activities before tax	**(112,830)**	(32,729)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**21,438**	6,219
Effects of:		
Losses surrendered as group relief for no consideration	**(21,438)**	(6,219)
Total tax charge	**-**	-

Factors that may affect future tax charges

The Company expects the tax rate in the future to be affected by the surrender of tax losses for no consideration.

Under current legislation, the main rate of corporation tax in the UK is 19%.

An increase in the main rate of corporation tax to 25% (effective from 1 April 2023) was announced in the Budget on 3 March 2021 and substantively enacted on 24 May 2021.

7 Fixed asset investments

	Subsidiaries
	$
Cost	
At beginning of the year	1,299,992
Additions	1,699,522
At the end of the year	**2,999,514**
Net book value	
At 30 September 2020	**2,999,514**
At 30 September 2019	1,299,992

The Company had total additions of $1,699,522 in the financial year through two individual payments to SSP DFA Restaurantes Brasil Ltda on 1 November 2019 and 3 December 2019.

Impairment

The directors have assessed whether the Company's fixed asset investments require impairment under the accounting principles set out in FRS 101.

In order to make this assessment, future cash flows were forecast for the next five years with growth rates of 2.9% *(2019: 2.2%)* per annum thereafter. These cash flows were discounted by applying discount rates of 15.7% *(2019: 13.5%)*. The values applied to the key assumptions are derived from a combination of external and internal factors based on past experience together with management's future expectations about business performance.

This assessment did not result in any impairment charge in the period.

Notes to the financial statements *(continued)*

7 Fixed asset investments *(continued)*

Sensitivity analysis

Whilst management believe the assumptions are realistic, it is possible that impairments would be identified if any of the above sensitivities were changed significantly. A sensitivity analysis has been performed on each of these key assumptions with the other variables held constant. An increase in the discount rate by 1%, a reduction in the growth rate by 1% or a reduction in EBITDA of 10% in each forecast year would result in no impairment.

Subsidiary undertakings

The subsidiary (held directly by the Company) at the period end is as follows:

Name		Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Brazil			
SSP DFA Restaurantes Brasil Ltda	Avenida das Américas, 3434, Building 02, Office 301, Zip Code 22.640-102		50%[1]

[1]The Company has control as defined by IFRS 10 'Consolidated Financial Statements'.

8 Creditors: amounts falling due within one year

	2020 $	2019 $
Amounts owed to group undertakings	(1,145,296)	(1,322,838)

Notes to the financial statements *(continued)*

9 Called up share capital

	2020 Number of shares	$
Issued, called up and fully paid		
Ordinary shares of £1 each		
At beginning of the year (ordinary share of £1 each)	1	1
Redenomination and subdivision into ordinary shares of $0.01 each	129	-
Issued during the year	1,999,870	19,999
At end of the year	**2,000,000**	**20,000**

The Company was incorporated with share capital of £1. However, since the Company's functional currency is the USD, the original share capital (comprising one ordinary share of £1) was redenominated and subdivided into 130 ordinary shares of USD 0.01 each on 31 January 2020. The capital was increased on the same day by the issue of 99,870 ordinary shares of USD 0.01 each at a premium of USD 0.99 per share. The capital was then increased by the issue of 1,900,000 shares of USD 0.01 each at a premium of USD 0.99 per share on 29 September 2020.

10 Share premium and reserves

	Share premium account $	Profit and loss account $
At beginning of the year	129	(32,729)
Issue of shares	1,979,871	-
Loss for the year	-	(112,767)
At end of the year	**1,980,000**	**(145,559)**

11 Parent undertaking and ultimate controlling party

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

SSP Group plc is the Company's ultimate parent undertaking and controlling party, and it is the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and in respect of which the Company is a member.

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