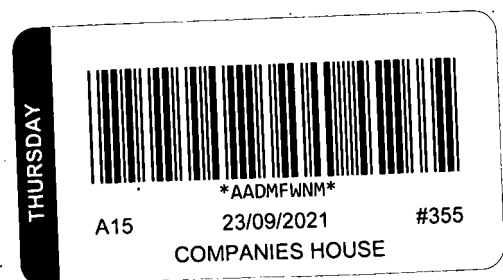


Registered number: 01962583

BAXTERSTOREY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**



BAXTERSTOREY LIMITED

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BAXTERSTOREY LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 DECEMBER 2020

Introduction

The directors present their strategic report for the period ended 30 December 2020.

In common with much of the hospitality sector, BaxterStorey Limited ("BaxterStorey") operates on a weekly reporting cycle with the financial period end falling on the nearest Wednesday to 31 December. In the previous financial period, BaxterStorey operated on a weekly reporting cycle with the financial period end falling on the nearest Friday to 31 December. Accordingly these financial statements are for the 52 week and 5 day period ended 30 December 2020, with comparative values for the 52 week period ended 27 December 2019.

Principal activities

BaxterStorey offers a wide range of food and hospitality services across business, industry and higher education sectors. We strive to be the food service provider of choice for clients who understand the benefits of local sourcing and demand the highest quality fresh food. We tailor our services to each client's individual needs and we ensure we provide the right people with the right skills to deliver exceptional services.

Business and financial review including future developments

In March 2020, the World Health Organization declared the novel strain of Coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. Faced with an unprecedented crisis governments across the globe enforced varying degrees of 'lockdowns' and restrictions across their respective territories with a primary aim to lessen the spread of the virus. Inevitably, these actions materially impacted the BaxterStorey business model which is predicated on serving customers at their workplace or education establishment, in cafes, bars and restaurants.

As a direct consequence of the COVID-19 global pandemic and government response measures, the majority of our locations were either unable to trade for large parts of the 2020 trading year or saw trade materially impacted by public health restrictions. By working with our clients and subject to enhanced safety protocols, BaxterStorey and subsidiary brand Portico were able to ensure essential industry and workers received a service throughout.

Wherever possible the businesses utilised the various UK and European employment retention and support schemes, thereby preserving as many jobs as possible. Claims of £65m were passed on to our employees and £1.7m of external advisory fees paid across the WSH group to ensure full compliance with scheme rules. Nevertheless, and disappointingly there was still a need to rapidly right size the business as a direct consequence of the pandemic's impact on revenue, resulting in the departure of many colleagues. 2020 was the first year in the group's history that we didn't grow our revenues and add to our employee numbers.

Despite the immensely challenging period, the directors were incredibly pleased with the resilience of the business and proud of our teams. We rapidly and successfully adapted our offerings, providing (when restrictions allowed) Covid safe environments for customers to enjoy and introduced new technologies and practices to keep customers and employees safe.

Key results for the period are summarised below:

- Turnover of £312m (2019: £510m)
- Operating profit of £7.1m after exceptional costs of £4.3m (2019: £26.5m with no exceptional costs)
- Operating margin of 2.3% (2019: 5.2%)
- Average full-time equivalent employee numbers 8,705 (2019: 9,222)
- Cash at bank of £26m (2019: £19m)
- Net assets of £162m (2019: £156m)

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Business and financial review including future developments (continued)

With the measures taken during the 2020 trading year, the directors believe the business is well positioned to regain its growth trajectory during 2021. The pace and extent of the group's recovery is inextricably linked to the relative success of governments in controlling the virus and ultimately easing restrictions, with the UK's vaccine programme rolling out at speed we are hopeful of a stronger 2021.

Due to COVID-19 restrictions and the associated impact on the business, a full impairment assessment of intangible and tangible fixed assets was performed at period end to demonstrate that the value in use (calculated through a discounted cash flow) is in excess of the carrying value. In addition, despite running various scenarios, no reasonably possible change to the assumptions was identified that would result in an impairment.

Principal risks and uncertainties

The directors recognise that the degree of exposure to certain risks and the ability of the business to manage those risks effectively will influence the success of the business. Corporate governance, risk management and control systems have been continually developed by our parent ("WSH") over many years. The directors are confident that the strategic, financial and health and safety risks faced by our businesses are identified and managed appropriately either at a group or a wider WSH level.

Health and safety

A risk management committee headed by the Chairman along with one of our senior WSH non-executive directors and Director of HSE ensures our health, safety and hygiene systems comply fully with legislative requirements. We recognise that in most of our client premises, it is the catering facilities which present the greatest number of hazards and risks within the building. Many of these hazards e.g. slips and trips, machinery and manual handling, cannot be practicably avoided due to the nature of the work activity and must therefore be controlled by safe systems of work. To achieve this we operate across all our businesses, comprehensive and fully documented health and safety management systems that exceed current legislative requirements. We also insist our catering operations are independently audited a minimum of annually by The European Safety Bureau, and that all new sites are audited shortly after mobilisation, so as to give our clients an open and transparent view of our operations.

To give our clients added confidence in our safety management systems, we are also independently accredited to the SAFE Contractor Scheme and to the British Standards Institute (BSi) to OHSAS 18001:2007, ISO 14001 & ISO 50001, which recognise the highest standards of safety, health and environmental performance in business. In 2020, we maintained our market leading safety performance with our Accident Incident Rate (AIR) remaining below both the Food & Beverages Sector and all industry sector averages.

Throughout the COVID-19 pandemic we have continued to implement dynamic COVID-secure guidance, policies and procedures to keep our teams and customers safe, including but not limited to, enhanced personal and environmental sanitation, social distancing controls, the issue of PPE, lateral flow test guidance, COVID training, safe reopening procedures and government guidance. We have taken a leading role with UK Hospitality in establishing best practice in this area.

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Principal risks and uncertainties (continued)

Strategic and financial

The Chairman and Chief Financial Officer conduct formal monthly monitoring of performance with the key executives where actual performance is compared to budget and forecast. The business has designated levels of authority for all capital investments. The business finances its borrowings from various financial institutions through senior and second lien facility agreements and a revolving credit facility. Significant headroom is present where covenants apply. Cash flows are monitored on a daily basis with active cash and debt management ensuring borrowing levels and interest rates charges are minimised.

The WSH Audit Committee, which includes a non-executive director, considers the adequacy and effectiveness of the risk management and control systems of the company and reports the results back to the board. It reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditors. The Audit Committee considers the non-audit work performed by the external auditors to help ensure that the independence is maintained.

An Integrity and Ethics Committee, which includes a WSH non-executive director, considers legal and ethical risks facing the business. The committee ensures that WSH operates ethically with integrity and follows a best practice approach to any legal and/or ethical risks which arise. Post period end, the Integrity and Ethics Committee was reformulated as the Environmental, Social and Governance (ESG) Committee, with the remit extended to cover other factors key to understanding the impact of the business and relative risks and opportunities.

Political and economic environment

We continue to operate in a changing political and economic environment. We recognise the impact that this can have on our business and we are constantly reviewing our business in light of legislative changes directly impacting the sector. In an era of unprecedented food price inflation we are having to constantly review our operating model to ensure it remains as competitive as possible.

Our earnings base is varied and covers both public and private sectors thus giving us greater ability to withstand economic downturns. Our contracts enable us to review pricing to reflect inflationary and legislative movements whilst we seek to ensure that the costs of our products, services and labour are kept to a minimum whilst retaining client choice and exceeding our service levels. We believe in providing our clients with exceptional food and personal service respecting their individuality and investing time and energy in getting to know them and understanding their needs.

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Going concern – COVID-19

In assessing whether appropriate to apply the going concern basis of accounts preparation the Directors have taken into consideration the operational, financial and commercial resilience of the WSH Group throughout the global pandemic.

Together with prudent management of costs and maintaining existing working capital terms, the WSH Group and its employees also benefited from various government Covid support and job retention schemes. In July 2020, the business secured £50m of liquidity under the Government's Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). To benefit from the CLBILS companies had to not only evidence that the pandemic and related restrictions had had a material impact on revenues, but also that the company was financially sound prior to the onset of the crisis. WSH was supported through the CLBILS process by two longstanding lenders to the WSH group, NatWest and HSBC. Testament to the resilience of the business, the hard work of our employees and the support of our valued clients, despite the material reduction in revenue caused by the pandemic the WSH Group generated £43m of operating cash flows during the period. The 2020 balance sheet closed with cash at bank of £161m, and a further £30m of liquidity was undrawn (and available) under the WSH group's revolving credit facility. The WSH group has long-term borrowing arrangements with the CLBILS repayable in July 2023 and the remainder of the WSH group's facilities due for repayment or expiring between March 2025 and March 2027.

This robust financial performance coupled with the ongoing positive EBITDA generated in 2021 to date has allowed the Directors to model various scenarios for the future condition of the business. With the support of the WSH Group, the Directors believe that the WSH Group's surplus liquidity, including the CLBILS amounts referred to above, along with mitigating action that is within the WSH Group's control, provides sufficient headroom such that in an assumed 'worst-case' scenario (where the UK government enforces a return to a full nationwide lockdown with no release, and offers no support beyond that already committed to September 2021), the WSH Group would remain in compliance with borrowing covenants and would be able to meet its obligations as they fall due through to the end of 2022. Accordingly, the Directors have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

Stakeholder Engagement

Accountability to and transparency with our stakeholders has been key to the long term success of our business. We consider our key stakeholders to be: our people, our clients and customers, our suppliers, our community and environment and our financial investors.

All company directors have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the business for the benefit of its members as a whole. They have regard for:

- the likely consequences of any decision in the long term;
- the interests of employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of operations on the community and the environment;
- the desirability of the business to maintain a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company

The Directors of Baxterstorey are committed to an on-going engagement with all of our stakeholders. This has been critical in the current period as a result of COVID-19 and the impact this has had on all of our stakeholders. In addition to the methods described below, the interests of our stakeholder groups are considered by the Directors through a combination of:

- monthly board meetings covering health and safety, operational matters, people issues, financial and commercial aspects, supply chain and new business opportunities; and
- the work of the WSH Audit and Remuneration Committees and prior to it being reformulated as the ESG Committee in 2021, the Integrity and Ethics Committee (discussed further in the Strategic Report)

Our People

As a hospitality business, our people are key to our commercial and strategic success. Our operating teams are charged with the most vital role, ensuring our customers' enjoyment of our services.

We aim to recruit the best people and have a key focus on training and development to enable all employees to acquire new skills so they can develop their careers, and realise their potential. We have an ethos of valuing and recognising all team members for their contribution and encouraging them to be part of our long-term success.

Our commitment to ensuring we have well trained employees is a point of difference for us in our sector. Through various training programmes and academies, we offer learning opportunities in every part of our business. We participate in the Government Apprenticeship Scheme across various disciplines.

We have a number of established methods of communicating, consulting and engaging with our employees. These include employee forums, union representation (where applicable) and, where appropriate, ad hoc forums to ensure employees are consulted appropriately and are able to participate. Information on matters of concern to employees is given through information bulletins, reports and face-to-face briefings. We seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance. This has been particularly important over the past year with the impact of the COVID-19 pandemic and the decisions taken by the directors in response to this, not only from an economic position (such as employee consultations), but also from a safety, wellbeing and operational perspective.

Widespread equity participation has been a key pillar in the historic success of our businesses. We firmly believe that an equity ownership structure incentivises our key team members and is a major factor in ensuring behaviours and commercial alignment are focused around the continued development of a long-term sustainable business model. The equity scheme in place allows key team members to have direct equity participation in our parent company.

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Our People (continued)

The WSH remuneration committee, which also includes a non-executive director, determines and agrees the framework and policy for the general company and executive remuneration packages, including bonuses, share and incentive awards and pension arrangements. There is clear governance around decision-making and changes to any compensation arrangements.

Our Clients and Customers

Without our clients and our customers, we have no business. We have a diverse base of clients and customers across various industries. Our business is built on obtaining new clients and customers and then going the extra mile to retain and grow with existing clients. A critical objective is that we engage with clients and customers at all levels. We need to ensure that every client and customer is valued, listened to, engaged with and receives our feedback and support if required. The demands can be many and vary significantly but our customers want quality food, quality service, value for money and feel appreciated when they deal with us. Our customers rightfully have a voice and we adapt to meet their ongoing requirements and suggestions where possible.

We maintain regular contact with all our clients. This ranges from staff and site managers meeting the client on a daily basis, to regular monthly catchups between Operational leads and frequent Director meetings during the year.

We use customer feedback as a valuable tool for driving continued improvements in our food and service offerings. Feedback from customers is captured on an ongoing basis from various sources, including surveys, feedback forms, social media and face to face.

Our Suppliers

Our suppliers have a critical role to play in delivering our strategic aim of delivering high quality fresh food to our customers. We target long-term relationships with suppliers who match our values on ethical and sustainability goals. We believe partnership style arrangements, focused on driving revenues rather than cost, helps drive innovation and mutually rewarding trading. We agree payment terms with all our suppliers and then pay to these agreed terms. We have regular meetings throughout the year with our suppliers. Wherever possible, we source locally and buy the best seasonal produce.

Our Community and Environment

We operate in multiple locations and seek to act responsibly in the communities and environments in which we trade. We continually develop our offer so we can reduce our carbon footprint, cut down on waste and become more innovative in ensuring we protect the environment.

We take an active role in the communities in which we operate, not only providing great employment and training opportunities, but also giving back to the community through various charitable efforts. Our client teams regularly participate in, and are actively encouraged to do so, charitable activities together with our clients. These are discussed further in the Charitable Donations section in the Directors' Report.

Our Financial Investors

Open engagement with our financial investors has been a cornerstone of our success. The discipline of delivering to an agreed commercial plan has helped the business to grow and invest for the future. We have regular contact with our investors through monthly meetings and supply of management information packs updating them on strategic, operational and financial matters as well as risks and opportunities facing the business. Our lenders similarly receive quarterly management information and we are always available to answer any questions they may have.

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Streamlined Energy and Carbon Renewal (SECR) Report

Our net carbon footprint of the group for the 2020 financial period was 704.6 tonnes (2019: 1695.3 tonnes) of carbon dioxide and equivalent gases (CO₂e), with an intensity measure of 2.86 tonnes of CO₂e per £million turnover (2019: 4.16). This represents a 31% reduction on 2019.

We have reported on all of the emission sources which we deem ourselves to be responsible for, as required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018. These sources fall within our operation's control and financial boundaries. We hereby set out below our energy use and energy efficiency actions taken during the period.

		Current reporting year 2020		Comparison reporting year 2019	
		kWh	tCO ₂ e	kWh	tCO ₂ e
Scope 1	Emissions from combustion of gas	22,918	4.2	53,783	10
Scope 1	Emissions from combustion of fuel for transport purposes (white fleet)	2,127,326	503.1	3,681,574	869.1
Scope 2	Emissions from purchased electricity	122,778	28.6	71,916	17
Scope 3	Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (grey fleet)	891,833	168.7	4,226,013	799.5
			704.6		1,695.3

* CO₂e conversion figures are based on 2020 Defra conversion data.

Energy Efficiency and Carbon Reduction Action:

As a business our impact on the environment is always front of mind. Below are some of the ways in which our business has aimed to reduce the impact we have on the environment:

- Energy efficiency training is given to all employees using our 'Green Flash' suite of toolbox training sessions;
- All electricity contracts are now on 100% renewable tariffs;
- Certified Carbon Neutral for Fleet and Business Travel;
- ISO 50001 certification for Energy Management System as part of required ESOS compliance along with lead assessor reports;
- In 2020, trials via the company car policy for PHEV and EVs. Employees that are part of the trial are completing case studies with the results being analysed;
- Active member of the Hospitality and Carbon Reduction Forum and has recently joined the newly formed Foodservice Zero Carbon Forum; and
- Installing sensors and timers where possible to ensure lighting is only used when people are in our locations.

BAXTERSTOREY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Tax strategy

The Board recognise that compliance with tax regulations is one of its key responsibilities. In common with all aspects of the operation of its diverse business, the oversight is assigned to one member of the Board, namely the Chief Financial Officer, whose responsibility it is to appraise the Board of key tax events. This allows all Board members to be adequately engaged in the tax affairs of the business and thereby ensure BaxterStorey is adhering to its responsibilities.

There are five key principles to which BaxterStorey adheres when considering all aspects of taxation. These principles provide steering to key stakeholders and offer a framework for decision making.

- **Transparency with HMRC** – BaxterStorey has an open and transparent relationship with HMRC and values the trust which HMRC places in our business to correctly deliver taxes due. In all dealings with HMRC, BaxterStorey seeks to maintain and further build on this relationship through proactive engagement.
- **External Advisors** – Ensure BaxterStorey engages with external advisors to provide technical expertise whenever necessary. This engagement will take place at Board level for corporate transactions and to ensure the overall tax strategy is coherent and tax risk is minimised. In addition engagement will take place within the tax team for operational and compliance matters.
- **Appropriately qualified tax team** – BaxterStorey is supported by an appropriately qualified tax team which invests in continued professional development. The Board will continue to review the structure of the tax team at suitable intervals to ensure it remains appropriate to the evolving business environment and external tax environment.
- **Tax Planning** – BaxterStorey is a client orientated business and a strong commercial focus has played a key role in the success of the business and will continue to play a key role in the future. As part of its duty to its stakeholders to control unnecessary costs, BaxterStorey utilises tax reliefs and allowances available in the manner in which intended by the tax authorities and statute. BaxterStorey does not engage in artificial tax arrangements.
- **Risk Management and Internal Governance** – Due to the size and complexity of BaxterStorey's business there is an inherent degree of tax risk. The Board recognises this and considers that the tax strategy sits alongside stringent financial controls to reduce this to a minimal level.

BAXTERSTOREY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2020**

Tax strategy (continued)

As an employer with a significant number of employees but operating in a relatively low margin sector, corporation tax alone is not a balanced reflection of the total tax contribution made by BaxterStorey. The estimated taxes borne or collected by BaxterStorey in relation to the financial period were:

	2020 £000	2019 £000
VAT	29,109	56,201
PAYE	15,769	21,907
Employer's National Insurance	16,231	19,189
Employee's National Insurance	10,208	13,840
Corporation Tax	2,658	5,745
Business Rates	346	344
	<u>74,321</u>	<u>117,226</u>

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



M Bradley
Director

Date: 29 April 2021

BAXTERSTOREY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 DECEMBER 2020

The directors present their report and the audited financial statements for the period ended 30 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Results and dividends

The profit for the period, after taxation, amounted to £4,835,000 (2019: £20,776,000 with no exceptional costs).

The directors do not recommend payment of a dividend (2019: £nil).

BAXTERSTOREY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Statement of corporate governance arrangements

From incorporation onwards WSH has sought to apply the highest standards of corporate governance, regularly examining its arrangements to ensure standards remain robust and appropriate as both the internal and external landscape shifts.

The Wates Corporate Governance Principles for Large Private Companies were applied throughout the period and continue to be applied as follows:

Principle	How WSH has applied it
<p>Principle One: Purpose and Leadership An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.</p>	<ul style="list-style-type: none">• Through the leadership of the board and preparation of detailed 5 year business plans, a clear vision for the group's purpose and overall values is articulated. The vision, values and execution of the business plan, underpin and define the strategy and culture of the organisation.• This ethos is embedded at every level of management. Monthly review meetings are held with all subsidiary companies. The Chairman and Chief Financial Officer meet with the respective executive teams and assess performance versus plan and other key metrics. Outputs from the meeting are cascaded to the wider teams as appropriate.• Policies and protocols are in place to support the execution of the group's purpose and values across the organisation, helping to align engagement with employees, shareholders and our wider stakeholders.• Further information on the purpose of the group and its values, strategy and culture can be found in the strategic report in the Business and financial review including future developments and s172(1) statement sections on pages 1 and 5.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2020**

<p>Principle Two: Board Composition Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.</p>	<ul style="list-style-type: none"> • The full board meets monthly to consider health and safety, operational matters, people issues, financial and commercial aspects, supply chain and new business opportunities. • All directors including the Chair have varied appropriate backgrounds, qualifications, experience and knowledge to effectively contribute to the board. • The composition of the board is regularly assessed to ensure its composition is reflective of the current and anticipated future needs of the company. • The boards of all subsidiaries in the group are comprised of executive shareholder directors. Boards of the holding companies include shareholder directors (executive and non-executive) and an independent director (non-executive). The independent director holds no shares in the group and plays a critical role in our ESG, Risk Management and Health & Safety Committees. • The non-executive directors assess the effectiveness of the board on an on-going basis and provide recommendations to the Chair as required.
<p>Principle Three: Director Responsibilities The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.</p>	<ul style="list-style-type: none"> • The Chair is responsible for leadership of the board on all aspects of its role and setting its agenda. • Each of the directors receives accurate and timely information to allow them to contribute fully. • All board members are provided clear guidance on what is expected of them as Directors. This includes specific training for new Directors. • The board has delegated specific responsibilities to committees: The Audit Committee, Remuneration Committee, Integrity and Ethics committee (reformulated as the ESG Committee in 2021) and Risk Management. The Committees are comprised of executive directors, non-executive directors and senior management. Each of these committees has a clear set of objectives and report to both the subsidiary boards and ultimately the WSH board.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2020**

<p>Principle Four: Opportunity and Risk A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight of the identification and mitigation of risks.</p>	<ul style="list-style-type: none"> • The board focuses on contract retention as a key metric to allow objective monitoring of the group's performance. • Board members are provided with a regular assessment of the sales pipeline. • The Risk Management Committee has identified the principal risks across the group. These risks and mitigation systems are reviewed at least monthly and the systems are externally reported in the financial statements each year. Further information can be found on page 2. • Since the onset of the Covid-19 pandemic, the Chair of the group has held weekly meetings with senior executives from each of the WSH brands attending.
<p>Principle Five: Remuneration A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.</p>	<ul style="list-style-type: none"> • The group's remuneration policy is defined by the Remuneration Committee which includes a non-executive director. This is further explained in the s172(1) statement within the strategic report on page 4. • A key principle of the remuneration policy is to ensure the executive remuneration structures align to the long term sustainable success of the group. • During the 2020 financial period, all directors agreed to take temporary pay reductions, to help the business navigate the uncertainties of the Covid-19 pandemic.
<p>Principle Six: Stakeholder Relationships and Engagement Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</p>	<ul style="list-style-type: none"> • The board recognises the significance of stakeholder relationships and engagement and places a strong emphasis on fostering meaningful engagement with stakeholders. • This is further explained in the s172(1) statement within the strategic report on page 5.

BAXTERSTOREY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Directors

The directors who served during the period and to the date of signing were:

J Bennett
M Bradley
S Esner
S Fennell
C Mahony
S Miller
A Storey
G Wood
D Burston (appointed 30 December 2019)
R Pearce (appointed 30 December 2019)
M Sandbach (appointed 30 December 2019)

Employee involvement

These requirements are covered in the Our People section within the Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 in the Strategic Report.

Statement of engagement with suppliers, customers and others in a business relationship with the group

These requirements are covered in the section entitled Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 in the Strategic Report.

Disabled employees

Our policy is for full and fair consideration of employment applications from disabled persons for those vacancies that they are able to fulfil with the required workplace adjustments. All necessary assistance with training is given. Arrangements are made, wherever possible, for retraining employees who become disabled, to allow them to perform work which is appropriate to their aptitudes and abilities.

It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Qualifying third party indemnity provisions

During the period, and up to the date of approval of the financial statements, the company had in place qualifying third party indemnity provision for the benefit of all the directors of the company.

Matters covered in the strategic report

In accordance with Section 414C(11) of the Companies Act 2006, the principal risks and uncertainties of the group are contained within the Strategic Report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

BAXTERSTOREY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2020

Charitable donations

Direct charitable donations by BaxterStorey amounted to £135,000 in the period (2019: £182,000). Additionally our client teams regularly participate in, and are actively encouraged to do so, charitable activities together with our clients. These activities and funds raised from them are in addition to the amounts stated below.

In 2012, in order to galvanise our considerable activities, we formed The BaxterStorey Foundation beneath the umbrella of our parent company's charitable foundation, The WSH Foundation.

The WSH Foundation was established as a registered charity in 2008 to channel charitable funds towards local communities and charitable causes that are consistent with the company's core values. Funds raised by the WSH Foundation in 2020 amounted to £1,404,000 (2019: £124,000). Total funds raised to date by the Foundation stand at £3.8m. The trustees of the Foundation include directors of BaxterStorey Limited.

Donations by the WSH Foundation in 2020 amounted to £1,096,000 (2019: £87,000), bringing the total donations by the WSH Foundation to date to £3.2m. Donations in the year were predominantly made to Feed NHS (further details below). Other donations made included charities involved in the hospitality sector and those charities that are important to our employees, customers and clients.

Feed NHS

In March 2020, Feed NHS was launched, a not for profit campaign founded by Damian Lewis, Helen McCrory, Matt Lucas and John Vincent with the sole aim of raising money to feed NHS and key workers. BaxterStorey Limited, working in coalition with Mealforce and Feed our Frontline, serviced 90 NHS hospitals and delivered over 40,000 free meals per day to the NHS. BaxterStorey's efforts were fully funded by the WSH Foundation who had raised substantial funds from third party donations. A fellow WSH company, We Prepare Limited's CPU in Slough produced the meals for onward distribution. A similar initiative was created for Scottish hospitals with BaxterStorey working in partnership with a key client utilising the client's facilities in their Edinburgh campus.

Following the success of these projects, WSH continued to work in partnership with Mealforce to provide free hot meals to NHS staff in critical care and COVID rehabilitation units. WSH's efforts continued to be fully funded through the WSH Foundation and We Prepare's CPU facility continued to produce the meals for onward distribution to the Trusts. From June 2020, an average of over 13,000 meals per week were being produced by WSH through to the end of 2020, taking the total to over half a million free meals provided during 2020.

These efforts have accelerated further into 2021 with the third lockdown, alongside the commencement of support to the mass vaccination centres, with the provision of meal bags to the workers and volunteers. In addition, BaxterStorey are providing 10,800 meals per week to London Ambulance Service for all frontline paramedics and response teams. Weekly volumes contributed by WSH during the early part of 2021 peaked at almost 50,000.

BAXTERSTOREY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2020**

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



M Bradley
Director

Date: 29 April 2021

Registered office:
300 Thames Valley Park Drive
Reading
RG6 1PT



Independent auditors' report to the members of BaxterStorey Limited

Report on the audit of the financial statements

Opinion

In our opinion, BaxterStorey Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 December 2020 and of the group's profit for the period from 28 December 2019 to 30 December 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 December 2020; the consolidated statement of comprehensive income and the consolidated and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and reviewing facility agreements to understand terms and related covenants
- reviewed management's assessment focussing on the 'worst-case' scenario against recent performance
- tested the mathematical accuracy of management's cash flow model used in the assessment
- considered the reasonableness of key assumptions in the 'worst-case' scenario and whether other risks exist that should be considered
- vouching cash balances used in management's assessment to underlying support

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

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 period ended 30 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' 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 auditors' 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, UK pensions and tax legislation, Health and Safety Executive legislation and implementation of government support schemes (Coronavirus Job Retention Scheme), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed included:

- discussion of compliance with laws and regulations with internal counsel and management
- review of legal expenses incurred in the period
- obtaining an understanding of management's processes and controls in respect of amounts recognised in relation to government support schemes and testing a sample of claims to supporting documentation
- testing of journal entries matching certain risk criteria to underlying support
- review of significant estimates including lookback testing, agreement to underlying support and calculations and consideration of any changes in approach

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 April 2021

BAXTERSTOREY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 DECEMBER 2020**

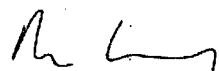
	Note	2020 £000	2019 £000
Turnover	3	311,701	509,561
Cost of sales		(334,753)	(451,634)
Other income	4	61,240	-
Gross profit		38,188	57,927
Administrative expenses		(30,303)	(31,411)
Administrative expenses - exceptional items	6	(4,303)	-
Other income	4	3,493	-
Operating profit	5	7,075	26,516
Interest receivable and similar income	10	24	31
Interest payable and similar expenses	11	(191)	(166)
Profit before tax		6,908	26,381
Tax on profit	12	(2,073)	(5,605)
Profit for the financial period		4,835	20,776
Currency translation differences		357	(206)
Other comprehensive income/(expense) for the period		357	(206)
Total comprehensive income for the period		5,192	20,570
Total comprehensive income for the period attributable to:			
Non-controlling interest		(43)	-
Owners of the parent company		5,235	20,570
		5,192	20,570

The notes on pages 25 to 48 form part of these financial statements.

BAXTERSTOREY LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 30 DECEMBER 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	12,901	10,065
Tangible assets	14	9,541	7,410
		<u>22,442</u>	<u>17,475</u>
Current assets			
Stocks		4,428	6,574
Debitors: amounts falling due within one year	16	270,121	261,810
Cash at bank and in hand	17	26,395	19,048
		<u>300,944</u>	<u>287,432</u>
Creditors: amounts falling due within one year	18	(154,861)	(144,254)
Net current assets		<u>146,083</u>	<u>143,178</u>
Total assets less current liabilities		<u>168,525</u>	<u>160,653</u>
Provisions for liabilities	20	(6,779)	(4,687)
Net assets		<u>161,746</u>	<u>155,966</u>
Capital and reserves			
Called up share capital	21	3	3
Share premium account		209	209
Foreign exchange reserve		1,012	655
Profit and loss account		159,977	155,099
Non-controlling interests		545	-
Net Equity		<u>161,746</u>	<u>155,966</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M Bradley
Director

Date: 29 April 2021

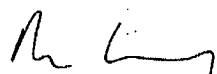
The notes on pages 25 to 48 form part of these financial statements.

Registered company number: 01962583

BAXTERSTOREY LIMITED**COMPANY BALANCE SHEET
AS AT 30 DECEMBER 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	8,612	10,065
Tangible assets	14	7,915	6,092
Investments	15	1,614	1
		<u>18,141</u>	<u>16,158</u>
Current assets			
Stocks		3,639	5,554
Debtors: amounts falling due after more than one year	16	3,192	-
Debtors: amounts falling due within one year	16	290,174	259,035
Cash at bank and in hand	17	16,198	10,383
		<u>313,203</u>	<u>274,972</u>
Creditors: amounts falling due within one year	18	(184,066)	(148,734)
Net current assets		<u>129,137</u>	<u>126,238</u>
Total assets less current liabilities		<u>147,278</u>	<u>142,396</u>
Provisions for liabilities	20	(5,240)	(4,186)
Net assets		<u>142,038</u>	<u>138,210</u>
Capital and reserves			
Called up share capital	21	3	3
Share premium account		209	209
Profit and loss account		141,826	137,998
Total equity		<u>142,038</u>	<u>138,210</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M Bradley
Director

Date: 29 April 2021

The notes on pages 25 to 48 form part of these financial statements.

Registered company number: 01962583

BAXTERSTOREY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2020**

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Profit and loss account £000	Non- controlling interests £000	Total equity £000
At 28 December 2018	3	209	861	134,323	-	135,396
Comprehensive income for the period						
Profit for the period	-	-	-	20,776	-	20,776
Currency translation differences	-	-	(206)	-	-	(206)
Total comprehensive income for the period	-	-	(206)	20,776	-	20,570
At 27 December 2019	3	209	655	155,099	-	155,966
Comprehensive income for the period						
Profit for the period	-	-	-	4,878	(43)	4,835
Currency translation differences	-	-	357	-	-	357
Non controlling interest on acquisition of subsidiary	-	-	-	-	588	588
Total comprehensive income for the period	-	-	357	4,878	545	5,780
At 30 December 2020	3	209	1,012	159,977	545	161,746

The notes on pages 25 to 48 form part of these financial statements.

BAXTERSTOREY LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 28 December 2018	3	209	120,030	120,242
Comprehensive income for the period				
Profit for the period	-	-	17,968	17,968
Total comprehensive income for the period	-	-	17,968	17,968
At 27 December 2019	3	209	137,998	138,210
Comprehensive income for the period				
Profit for the period	-	-	3,828	3,828
Total comprehensive income for the period	-	-	3,828	3,828
At 30 December 2020	3	209	141,826	142,038

The notes on pages 25 to 48 form part of these financial statements.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

1. General information

Baxterstorey Limited is a private company limited by shares. It was incorporated and is registered within England and Wales.

In common with much of the hospitality sector, BaxterStorey operates on a weekly reporting cycle with the financial period end falling on the nearest Wednesday to 31 December. In the previous financial period, Baxterstorey operated on a weekly reporting cycle with the financial period end falling on the nearest Friday to 31 December. Accordingly these financial statements are for the 52 week and 5 day period ended 30 December 2020, with comparative values for the 52 week period ended 27 December 2019.

2. Accounting policies

2.1 Basis of preparation of financial statements

The consolidated and company financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared on a going concern basis.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows prepared by a parent company includes the company's cash flows; and
- ii) from the requirement to present certain financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures of the parent company.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to each presented period, unless otherwise stated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

2. Accounting policies (continued)

2.2 Going concern

In assessing whether appropriate to apply the going concern basis of accounts preparation the Directors have taken into consideration the operational, financial and commercial resilience of the WSH Group throughout the global pandemic.

Together with prudent management of costs and maintaining existing working capital terms, the WSH Group and its employees also benefited from various government Covid support and job retention schemes. In July 2020, the business secured £50m of liquidity under the Government's Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). To benefit from the CLBILS companies had to not only evidence that the pandemic and related restrictions had had a material impact on revenues, but also that the company was financially sound prior to the onset of the crisis. WSH was supported through the CLBILS process by two longstanding lenders to the WSH group, NatWest and HSBC. Testament to the resilience of the business, the hard work of our employees and the support of our valued clients, despite the material reduction in revenue caused by the pandemic the WSH Group generated £43m of operating cash flows during the period. The 2020 balance sheet closed with cash at bank of £161m, and a further £30m of liquidity was undrawn (and available) under the WSH group's revolving credit facility. The WSH group has long-term borrowing arrangements with the CLBILS repayable in July 2023 and the remainder of the WSH group's facilities due for repayment or expiring between March 2025 and March 2027.

This robust financial performance coupled with the ongoing positive EBITDA generated in 2021 to date has allowed the Directors to model various scenarios for the future condition of the business. With the support of the WSH Group, the Directors believe that the WSH Group's surplus liquidity, including the CLBILS amounts referred to above, along with mitigating action that is within the WSH Group's control, provides sufficient headroom such that in an assumed 'worst-case' scenario (where the UK government enforces a return to a full nationwide lockdown with no release, and offers no support beyond that already committed to September 2021), the WSH Group would remain in compliance with borrowing covenants and would be able to meet its obligations as they fall due through to the end of 2022. Accordingly, the Directors have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

2.3 Government grant income

Government grant income is recognised once the conditions attached to the grant are met and there is reasonable assurance that the grant will be received. Recognition is based on the accrual model and the income is included within other income.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Exceptional items

Exceptional items are transactions that result from the operating activities of the company but are separately disclosed due to their exceptional, non-recurring nature. Examples include incremental costs explicitly linked to the COVID-19 pandemic and acquisition costs.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

2. Accounting policies (continued)

2.6 Intangible fixed assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of ten to twenty years.

Software

Software development is stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost less estimated residual value evenly over its estimated useful economic life being two to five years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Motor vehicles	- 4 years
Fixtures and fittings	- 3 to 7 years
Computer equipment	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Provisions for liabilities

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle the obligation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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 are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Operating leases: BaxterStorey and its subsidiaries as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

BaxterStorey and its subsidiaries have taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (2 January 2016) to continue to be charged over the period to the first market rent review rather than the term of the lease.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plans

BaxterStorey and its subsidiaries operate defined contribution plans for its employees. A defined contribution plan is a pension plan under which BaxterStorey and its subsidiaries pay fixed contributions into separate entities. Once the contributions have been paid BaxterStorey and its subsidiaries have no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plans are held separately from the Group in independently administered funds.

2.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 Key accounting judgements and estimates

The company makes key accounting judgements and estimates in order to prepare the financial statements. These judgements and estimates are subject to inherent uncertainty but are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant is addressed below:

Provisions

Provisions are established for costs that will be incurred based on legislative and contractual requirements. These liabilities require the judgement of management as to the estimated costs, the timing of the cash flows and the discount rates to use to establish the net present value of the obligations.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

3. Turnover

The turnover of the group for the period has been derived from the sale of goods and services in relation to its principle activity of providing food and hospitality services.

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	281,427	462,212
Rest of Europe	30,274	47,349
	<u>311,701</u>	<u>509,561</u>

4. Other income

	2020 £000	2019 £000
Government grant income - gross profit	61,240	-
Government grant income - operating profit	3,493	-
	<u>64,733</u>	<u>-</u>

Grant income of £64.7m was received under the various UK Government Coronavirus job retention schemes and other European Government support schemes. The grant income has been categorised within gross profit or operating income/costs so as to align to the underlying employee costs.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of tangible fixed assets	4,111	4,306
Loss on disposal of tangible fixed assets	197	14
Amortisation of intangible fixed assets, including goodwill	2,235	1,726
Other operating lease rentals	2,228	2,308
Exchange differences	492	(194)
	<u>9,263</u>	<u>8,560</u>

BAXTERSTOREY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020****6. Exceptional items**

	2020 £000	2019 £000
Restructuring	3,937	-
Other	366	-
	<u>4,303</u>	<u>-</u>

During the period, the Group incurred £4.3m (2019: £nil) of exceptional costs as a result of the COVID-19 pandemic. Wherever possible, the various UK and European job retention schemes were utilised so as to preserve as many jobs as possible. Nevertheless, disappointingly there was still a need to rapidly right size the business as a direct consequence of the pandemic's impact on revenue, resulting in £3.9m of redundancy costs and the departure of many colleagues. Other COVID-19 specific exceptional costs included £0.4m of stock write-offs due to sudden closures of sites as a result of Government lockdowns.

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to BaxterStorey's auditors for the audit of the consolidated annual financial statements	<u>168</u>	<u>127</u>
Fees payable to BaxterStorey's auditors in respect of:		
Audit-related assurance services	<u>15</u>	<u>14</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £000	Group 2019 £000
Wages and salaries	212,179	222,195
Social security costs	16,231	19,189
Cost of defined contribution scheme	4,303	4,443
	<u>232,713</u>	<u>245,827</u>

Included in the table above are £3.9m of exceptional payroll costs relating to COVID-19 redundancies (see note 6).

The amounts shown in the table above are shown gross, including furlough payments made to employees. Amounts received from the various Government job retention schemes are shown separately as other income (see note 4).

BAXTERSTOREY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

The average monthly number of employees, including the directors, during the period was as follows:

	2020 No.	2019 No.
Clerical and management	219	308
Catering and hospitality	8,486	8,914
	<u>8,705</u>	<u>9,222</u>

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	987	666
Company contributions to defined contribution pension schemes	75	52
	<u>1,062</u>	<u>718</u>

During the period retirement benefits were accruing to 7 directors (2019: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £213,000 (2019: £218,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2019: £18,000).

In order to help the group navigate through the uncertainties that the COVID-19 pandemic has brought to the group, all directors agreed to take temporary pay reductions during 2020. The increase in total remuneration in the period is due to there being three additional directors in 2020.

10. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	-	10
Other interest receivable	24	21
	<u>24</u>	<u>31</u>

BAXTERSTOREY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020****11. Interest payable and similar expenses**

	2020 £000	2019 £000
Other interest payable	191	5
Interest payable to group companies	-	161
	<u>191</u>	<u>166</u>

12. Tax on profit

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the period	1,962	5,501
Adjustments in respect of previous periods	304	78
	<u>2,266</u>	<u>5,579</u>
Foreign tax		
Foreign tax on income for the period	242	66
Adjustments in respect of prior periods	150	100
	<u>392</u>	<u>166</u>
Total current tax charge	<u>2,658</u>	<u>5,745</u>
Deferred tax		
Origination and reversal of timing differences	(309)	(240)
Adjustments in respect of previous periods	(97)	85
Changes to tax rates	(179)	10
Other	-	5
	<u>(585)</u>	<u>(140)</u>
Tax on profit	<u>2,073</u>	<u>5,605</u>

BAXTERSTOREY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020****12. Tax on profit (continued)****Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	6,908	26,381
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,313	5,012
Effects of:		
Expenses not deductible for tax purposes	585	376
Affect of overseas tax rates	(3)	(61)
Adjustments in respect of previous periods	357	263
Changes to tax rates	(179)	10
Other	-	5
Total tax charge for the period	2,073	5,605

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

13. Intangible fixed assets

Group

	Computer software £000	Goodwill £000	Total £000
Cost			
At 28 December 2019	4,460	22,145	26,605
Additions	435	4,636	5,071
At 30 December 2020	<u>4,895</u>	<u>26,781</u>	<u>31,676</u>
Amortisation			
At 28 December 2019	3,253	13,287	16,540
Charge for the period on owned assets	759	1,476	2,235
At 30 December 2020	<u>4,012</u>	<u>14,763</u>	<u>18,775</u>
Net book value			
At 30 December 2020	<u>883</u>	<u>12,018</u>	<u>12,901</u>
At 27 December 2019	<u>1,207</u>	<u>8,858</u>	<u>10,065</u>

On 30 March 2020, the group acquired Hesscroft Limited (see note 21). The resulting goodwill of £4.6m is being amortised over 10 years.

Due to COVID-19 restrictions and the associated impact on the business, a full impairment assessment was performed at period end to demonstrate that the value in use (calculated through a discounted cash flow) is in excess of the carrying value. Despite running various scenarios, no reasonably possible change to the assumptions regarding future cash flows (reflecting changes in both revenue and margin) and/or discount rates was identified that would result in an impairment of the intangible fixed assets.

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

13. Intangible fixed assets (continued)

Company

	Computer software £000	Goodwill £000	Total £000
Cost			
At 28 December 2019	4,460	22,145	26,605
Additions	435	-	435
At 30 December 2020	<u>4,895</u>	<u>22,145</u>	<u>27,040</u>
Amortisation			
At 28 December 2019	3,253	13,287	16,540
Charge for the year	759	1,129	1,888
At 30 December 2020	<u>4,012</u>	<u>14,416</u>	<u>18,428</u>
Net book value			
At 30 December 2020	<u>883</u>	<u>7,729</u>	<u>8,612</u>
At 27 December 2019	<u>1,207</u>	<u>8,858</u>	<u>10,065</u>

Due to COVID-19 restrictions and the associated impact on the business, a full impairment assessment was performed at period end to demonstrate that the value in use (calculated through a discounted cash flow) is in excess of the carrying value. Despite running various scenarios, no reasonably possible change to the assumptions regarding future cash flows (reflecting changes in both revenue and margin) and/or discount rates was identified that would result in an impairment of the intangible fixed assets.

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

14. Tangible fixed assets

Group

	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 28 December 2019	37	27,840	5,244	33,121
Additions	-	6,186	-	6,186
Acquisition of subsidiary	46	879	-	925
Disposals	-	(1,770)	(64)	(1,834)
Exchange adjustments	-	173	2	175
At 30 December 2020	<u>83</u>	<u>33,308</u>	<u>5,182</u>	<u>38,573</u>
Depreciation				
At 28 December 2019	37	20,903	4,771	25,711
Charge for the period on owned assets	6	3,842	263	4,111
Disposals	-	(1,492)	(17)	(1,509)
Acquisition of subsidiary	25	575	-	600
Exchange adjustments	-	117	2	119
At 30 December 2020	<u>68</u>	<u>23,945</u>	<u>5,019</u>	<u>29,032</u>
Net book value				
At 30 December 2020	<u>15</u>	<u>9,363</u>	<u>163</u>	<u>9,541</u>
At 27 December 2019	<u>-</u>	<u>6,937</u>	<u>473</u>	<u>7,410</u>

Due to COVID-19 restrictions and the associated impact on the business, a full impairment assessment was performed at period end to demonstrate that the value in use (calculated through a discounted cash flow) is in excess of the carrying value. Despite running various scenarios, no reasonably possible change to the assumptions regarding future cash flows (reflecting changes in both revenue and margin) and/or discount rates was identified that would result in an impairment of the tangible fixed assets.

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

14. Tangible fixed assets (continued)

Company

	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 28 December 2019	37	23,452	5,083	28,572
Additions	-	5,371	-	5,371
Disposals	-	(1,459)	(75)	(1,534)
Exchange adjustments	-	1	-	1
At 30 December 2020	<u>37</u>	<u>27,365</u>	<u>5,008</u>	<u>32,410</u>
Depreciation				
At 28 December 2019	37	17,802	4,641	22,480
Charge for the period on owned assets	-	2,964	249	3,213
Disposals	-	(1,181)	(17)	(1,198)
At 30 December 2020	<u>37</u>	<u>19,585</u>	<u>4,873</u>	<u>24,495</u>
Net book value				
At 30 December 2020	<u>-</u>	<u>7,780</u>	<u>135</u>	<u>7,915</u>
At 27 December 2019	<u>-</u>	<u>5,650</u>	<u>442</u>	<u>6,092</u>

Due to COVID-19 restrictions and the associated impact on the business, a full impairment assessment was performed at period end to demonstrate that the value in use (calculated through a discounted cash flow) is in excess of the carrying value. Despite running various scenarios, no reasonably possible change to the assumptions regarding future cash flows (reflecting changes in both revenue and margin) and/or discount rates was identified that would result in an impairment of the tangible fixed assets.

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 28 December 2019	1
Additions	1,613
	<hr/>
At 30 December 2020	<u>1,614</u>

On 30 March 2020, the group acquired 75% of the issued ordinary share capital of Hesscroft Limited. As part of the transaction, the company made a £1,613,000 capital investment into Nutrition Cater Limited, the new holding company which acquired Hesscroft Limited (see note 21).

Due to COVID-19 restrictions and the associated impact on the business, a full impairment assessment was performed at period end to demonstrate that the value in use (calculated through a discounted cash flow) is in excess of the carrying value. Despite running various scenarios, no reasonably possible change to the assumptions regarding future cash flows (reflecting changes in both revenue and margin) and/or discount rates was identified that would result in an impairment of the investments.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
BaxterStorey France S A S	Catering services	Ordinary	100%
BaxterStorey Ireland Limited	Catering services	Ordinary	100%
BaxterStorey Norway A S	Catering services	Ordinary	100%
BaxterStorey Scotland Limited	Catering services	Ordinary	100%
Hesscroft Limited*	Catering services	Ordinary	75%
Nutrition Cater Limited*	Holding company	Ordinary	75%
Portico Corporate Reception Management Limited	Reception services	Ordinary	100%

*As part of the business combination transaction referred to in note 21, Nutrition Cater Limited was 100% owned as a new dormant company prior to the transaction on 30 March 2020. Nutrition Cater Limited in turn holds 100% of the share capital of Hesscroft Limited. Part of the consideration given was a 25% holding in Nutrition Cater Limited to some of the previous owners of Hesscroft Limited. The Group therefore has an effective 75% holding in these two companies.

The registered addresses and countries of incorporation of the subsidiary undertakings are listed below:

- BaxterStorey France S A S – incorporated in France, with a registered address of 155 rue du Faubourg Saint Denis, 75010 Paris, France
- BaxterStorey Ireland Limited and Nutrition Cater Limited – incorporated in the Republic of Ireland, with a registered address of Second Floor, Avoca Building, Fitzmaurice Road, Rathcoole, Dublin 24, Ireland
- BaxterStorey Norway A S – incorporated in Norway, with a registered address of c/o Ecit Services AS (Profina AS), Rolfsbuktveien 4A, 1364 Fornebu, Norway
- BaxterStorey Scotland Limited – incorporated in Scotland, with a registered address of 8 Fairways Business Park, Deer Park Avenue, Livingston, EH54 8AF, Scotland
- Portico Corporate Reception Management Limited – incorporated in England and Wales, with a registered address of 300 Thames Valley Park Drive, Reading, RG6 1PT
- Hesscroft Limited – incorporated in the Republic of Ireland, with a registered address of Unit 27, North Point Business Park, New Mallow Road, Cork, Ireland

All the above subsidiaries are included in the consolidation. The company's investments in BaxterStorey Ireland Limited, BaxterStorey Scotland Limited, Portico Corporate Reception Management Limited and Nutrition Cater Limited are direct ownership, all other investments are indirect ownership.

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

16. Debtors: amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2020</i>	2020	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Due after more than one year				
Loans owed by group undertakings	-	-	3,192	-
	<u>-</u>	<u>-</u>	<u>3,192</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,192</u></u>	<u><u>-</u></u>

Loans owed by group undertakings are unsecured and interest bearing.

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Due within one year				
Trade debtors	31,232	46,219	24,775	36,689
Amounts owed by group undertakings	228,453	202,378	257,346	214,345
Other debtors	4,642	3,568	3,452	1,377
Deferred taxation	2,203	1,618	1,810	1,337
Prepayments and accrued income	3,591	8,027	2,791	5,287
	<u>270,121</u>	<u>261,810</u>	<u>290,174</u>	<u>259,035</u>
	<u><u>270,121</u></u>	<u><u>261,810</u></u>	<u><u>290,174</u></u>	<u><u>259,035</u></u>

Amounts owed by group companies are unsecured and repayable on demand. At the balance sheet date, £nil of these amounts were interest-bearing (2019: £208,000).

17. Cash at bank and in hand

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Cash at bank and in hand	26,395	19,048	16,198	10,383
	<u>26,395</u>	<u>19,048</u>	<u>16,198</u>	<u>10,383</u>
	<u><u>26,395</u></u>	<u><u>19,048</u></u>	<u><u>16,198</u></u>	<u><u>10,383</u></u>

BAXTERSTOREY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020****18. Creditors: amounts falling due within one year**

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Trade creditors	22,593	<i>51,900</i>	19,567	<i>44,637</i>
Amounts owed to group undertakings	40,472	<i>25,993</i>	87,899	<i>51,684</i>
Corporation tax	1,468	<i>3,864</i>	899	<i>3,242</i>
Other taxation and social security	48,344	<i>19,531</i>	42,663	<i>15,659</i>
Other creditors	17,348	<i>21,325</i>	13,951	<i>15,976</i>
Accruals and deferred income	24,636	<i>21,641</i>	19,087	<i>17,536</i>
	154,861	<i>144,254</i>	184,066	<i>148,734</i>

Amounts owed to group undertakings are unsecured and repayable on demand. At the balance sheet date, £nil of these amounts were interest-bearing (2019: £4,832,000).

BAXTERSTOREY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020**

19. Deferred taxation

Group

	2020	2019
	£000	£000
Asset at beginning of period	1,618	1,478
Credited to profit or loss	585	140
Asset at end of period	<u>2,203</u>	<u>1,618</u>

Company

	2020	2019
	£000	£000
Asset at beginning of period	1,337	1,215
Credited to profit or loss	473	122
Asset at end of period	<u>1,810</u>	<u>1,337</u>

The deferred tax asset is made up as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Depreciation in excess of capital allowances	1,826	<i>1,377</i>	1,526	<i>1,166</i>
Other short term timing differences	377	<i>241</i>	284	<i>171</i>
	<u>2,203</u>	<i><u>1,618</u></i>	<u>1,810</u>	<i><u>1,337</u></i>

BAXTERSTOREY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2020****20. Provisions for liabilities****Group**

	Provisions £000	Total Provisions £000
At 28 December 2019	4,685	4,685
Charged to profit or loss	2,093	2,093
At 30 December 2020	6,778	6,778

Company

	Provisions £000	Total Provisions £000
At 28 December 2019	4,186	4,186
Charged to profit or loss	1,054	1,054
At 30 December 2020	5,240	5,240

As disclosed in the accounting policies, management uses judgement in determining the amount and timing of cash outflows, and thus the provision required for such obligations. The provisions represent management's judgement, for potential future liabilities against contracts and are expected to be utilised over the period to December 2027.

21. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
3,162 (2019: 3,162) ordinary shares of £1.00 each	3	3

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

22. Business combinations

On 30 March 2020, the group acquired Hesscroft Limited. The resulting goodwill of £4,636,000 will be amortised over 10 years.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Tangible fixed assets	325	325
	<u>325</u>	<u>325</u>
Stocks	95	95
Debtors	1,765	1,765
Cash at bank and in hand	199	199
Total assets	<u>2,384</u>	<u>2,384</u>
Creditors	(2,012)	(2,012)
Total identifiable net assets	<u>372</u>	<u>372</u>
Goodwill		4,636
Total purchase consideration		<u>5,008</u>
Consideration		
		£000
Cash consideration		4,420
Fair value of shares issued to existing shareholders		588
Total purchase consideration		<u>5,008</u>

There were no adjustments between book value and fair value of the assets acquired.

The turnover and profit of Hesscroft Limited included in the consolidated statement of comprehensive income for the period was £4,795,000 and £298,000 respectively.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

23. Pension commitments

BaxterStorey and its subsidiaries operate a number of defined contribution pension schemes. The assets of these schemes are held separately from those of BaxterStorey and its subsidiaries in independently administered funds. The pension cost charge represents contributions payable by BaxterStorey and its subsidiaries to the funds and amounted to £4,303,000 (2019: £4,443,000). Contributions totalling £751,000 (2019: £1,072,000) were payable to the funds at the balance sheet date and are included within other creditors.

24. Commitments under operating leases

At the period end, the Group and the Company had the had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Not later than 1 year	2,193,000	2,273,000	2,157,000	2,234,000
Later than 1 year and not later than 5 years	2,861,000	3,672,000	2,770,000	3,534,000
	<u>5,054,000</u>	<u>5,945,000</u>	<u>4,927,000</u>	<u>5,768,000</u>

25. Related party transactions

The company has taken advantage of the exemption contained in Section 33 of FRS 102 which applies to group undertakings and has not disclosed details of transactions with wholly owned group companies.

The company made payments (including VAT) on behalf of WSH & Galetti Restaurants Limited in the period to the value of £12,000 (2019: £136,000). At the balance sheet date, £2,000 (2019: £nil) was receivable and included within other debtors. This has been settled post year end. Alastair Storey and Marc Bradley are directors of WSH & Galetti Restaurants Limited.

The company made payments (including VAT) on behalf of The Woodspeen Restaurant Limited in the period to the value of £43,000 (2019: £242,000). The company also made purchases from The Woodspeen Restaurant Limited in the period to the value of £15,000 (2019: £24,000). At the balance sheet date, an amount of £8,000 (2019: £1,000) was receivable and is included within other debtors. This has been settled post year end. Alastair Storey and Marc Bradley are directors of The Woodspeen Restaurant Limited.

As noted in Charitable donations section of the Directors' report, the Group received funding from the WSH Foundation in order to provide free meals to the NHS. £41,000 was charged to the WSH Foundation for these services during the period (2019: £nil) and at the balance sheet date no amounts (2019: £nil) were receivable. Directors J Bennett, M Bradley, C Mahony and A Storey are also Trustees of the WSH Foundation.

BAXTERSTOREY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2020

26. Controlling party

Westbury Street Limited, a company incorporated in England and Wales, is the immediate parent company.

The directors regard the ultimate parent company to be CD&R and WSH JVco (UK) Limited, a company incorporated in England and Wales. CD&R and WSH JVco (UK) Limited is also the largest group into which the company's results are consolidated.

Copies of the consolidated financial statements for CD&R and WSH JVco (UK) Limited can be obtained from 300 Thames Valley Park Drive, Reading, RG6 1PT.

The ultimate controlling party was CD&R and WSH JVco Limited, a UK tax resident company.