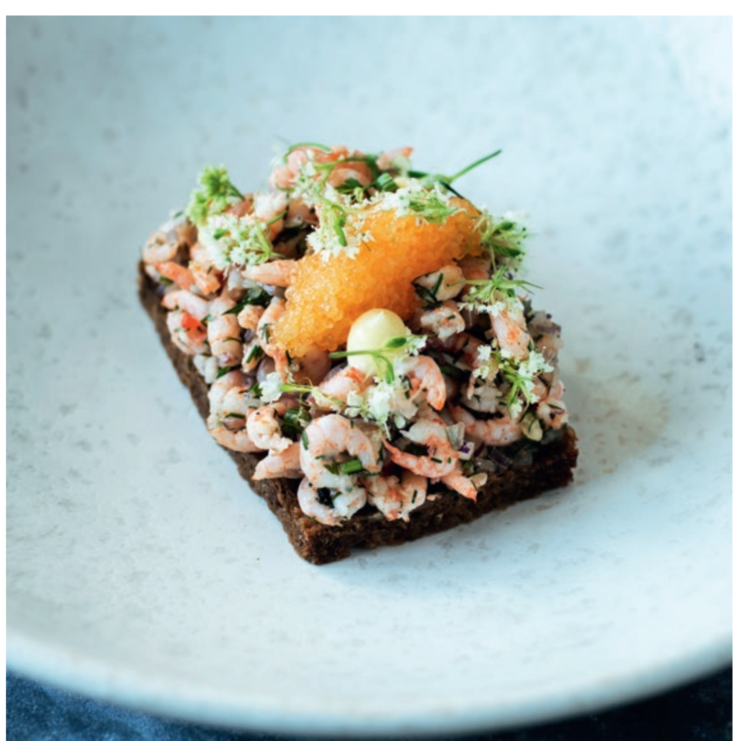
SSP Group plc
Annual Report and Accounts 2020



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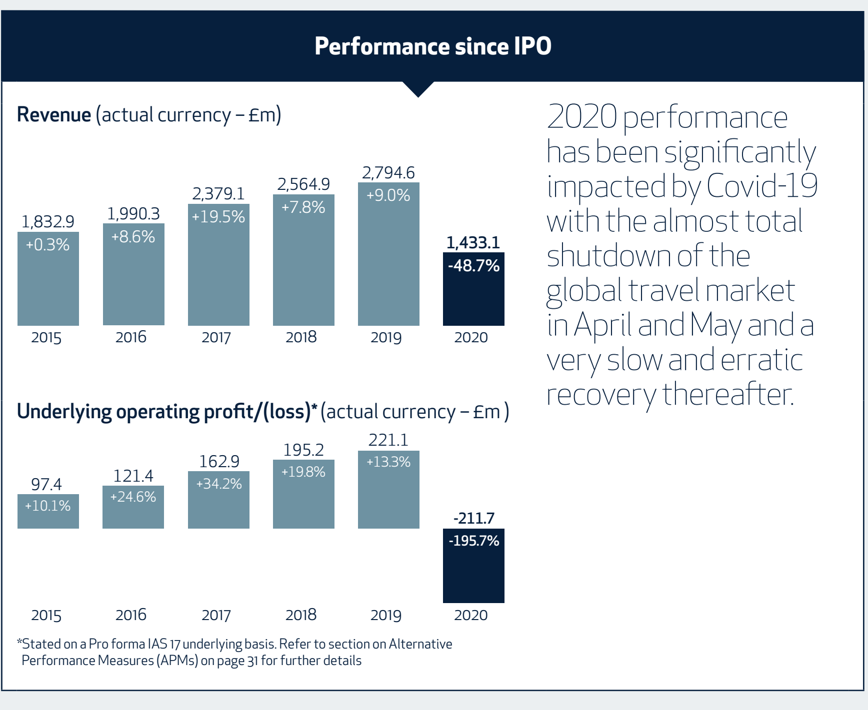
OUR BUSINESS AT A GLANCE

SSP IS A LEADING OPERATOR OF FOOD AND BEVERAGE OUTLETS IN TRAVEL LOCATIONS, PRINCIPALLY AIRPORTS AND RAILWAY STATIONS.

All of our outlets, from quick service to fine dining, are developed or tailored to be run in high-volume travel locations to meet the evolving needs of our customers and our clients.

Our people are the heart of our business. Our colleagues around the world demonstrate knowledge, passion and the highest possible standards in everything they do.

Prior to the onset of Covid-19, we had a very strong track record of delivering profit growth since our IPO in 2014.



WE ARE THE FOOD TRAVEL EXPERTS

Our purpose

To be the best part of a customer's journey by providing delicious food and drink for people who are on the move.

Our ambition

To be the leading food and beverage operator in travel locations worldwide, delivering for all of our stakeholders.

Our values

We are one team…
working together and sharing our best ideas to fulfil our global potential.

We are results focussed…
delivering great food and service for our customers and outstanding results for our colleagues, shareholders and clients.

We all make a difference…
respecting each other, acting responsibly and being accountable for the contributions that we make.

We are bold…
seizing opportunities, innovating and quickly adapting every day.

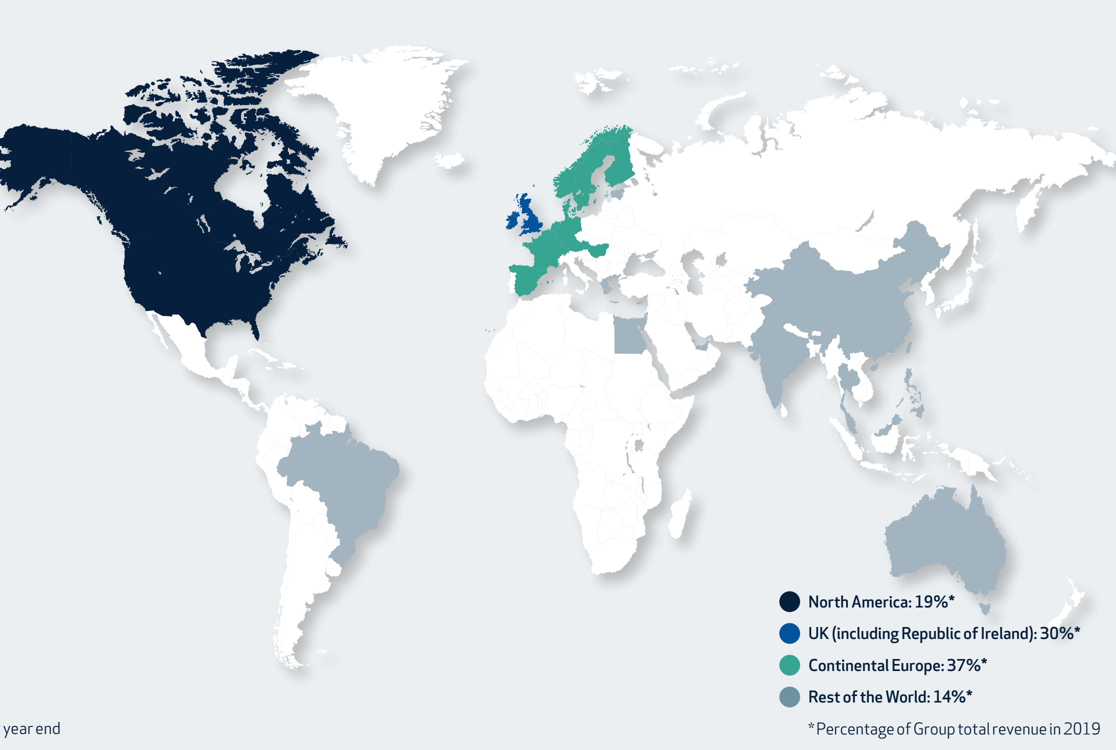
We celebrate success…
recognising and valuing everyone's achievements.

550+ brands

600+ sites

2,700+ units*

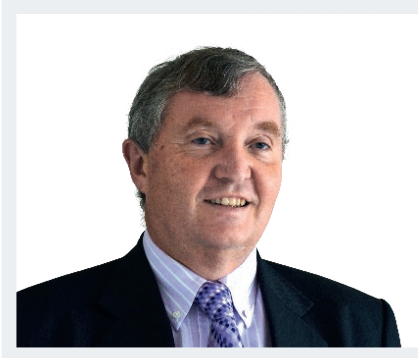
35 countries



* Trading or temporarily closed as at year end

*Percentage of Group total revenue in 2019

CHAIRMAN'S STATEMENT



The strength of the business model, our portfolio of long-term contracts and attractive brands, and our highly skilled team leave SSP well placed to capitalise on the recovery.

Decisive action to protect the business through the pandemic

Covid-19 has had an unprecedented impact on SSP and the wider travel industry. From the outset, we took rapid and decisive action to protect the health and safety of our teams and our customers, as well as to protect the business by reducing operating costs, minimising cash usage and raising additional liquidity, to enable it to trade through a prolonged recovery.

Our strategic priority, in this period of great uncertainty, has been to establish a lean and flexible organisation, whilst retaining the capability to reopen our outlets and rebound rapidly as the travel sector reopens. The strength of the business model, our portfolio of long-term contracts and attractive brands, and our highly skilled team leave SSP well placed to capitalise on the recovery.

Outstanding commitment from an experienced and dedicated team

On behalf of the Board, I would like to take this opportunity to thank our teams around the world for their support. The action taken to protect the business and prepare for our re-launch has been achieved though the commitment and focus of all our dedicated colleagues. Significant sacrifices have been made by those who have left the organisation and those who have worked tirelessly to protect it. It remains our intention to re-open units quickly as demand for travel returns and welcome colleagues back to SSP.

Dividends

After delivering five years of 22% average dividend growth per annum, the impact of the pandemic has resulted in the business making a loss for the year. As such, no full year dividend will be paid for the 2020 financial year.

Corporate Governance and the Board

Our strategy is underpinned by a commitment to a high standard of corporate governance, and the members of the Board are responsible for ensuring we do so. We bring a diverse range of skills and experience to sit alongside that of the Executive Committee. We regularly review the Board composition to ensure we have the right balance of individuals with the right set of skills, and this past year we made two additional appointments to strengthen the Board. Judy Vezmar joined on 1 August and brings strong expertise in the field of data and analytics. Tim Lodge joined on 1 October, bringing a wealth of financial expertise, as well as experience in the food and beverage industry. I look forward to working with them and would like to thank all Board members for their valuable contributions and oversight throughout the past year, especially as we've navigated the challenges brought about by the pandemic.

Corporate Responsibility

Having engaged with our stakeholders to better understand their expectations, we have re-launched our Corporate Responsibility strategy this year focussing on those areas where SSP can have the greatest positive impact. Our principal focus will be on our people and communities, the food and drink we serve, and our impact on the planet. This programme will be spearheaded by the Group CEO, with oversight from the Board. Further information on the progress we've made in the past year and our future focus can be found in the Corporate Responsibility Report, and I would like recognise our teams who donated food and their own time to support local relief efforts during the crisis.

Looking to the future

This has been an extraordinary year for our business, but I am confident that we have taken all the necessary actions to ensure we weather this storm and put the business in a position of strength as we prepare for a recovery. The first half of this new financial year is expected to remain challenging, but looking into our second half and towards the summer, we expect to see an increase in passenger numbers, and we will be ready to serve them. Longer term, we remain confident that the travel market will recover, and as we continue to strengthen our competitive position, we will return to delivering long-term sustainable growth for all of our stakeholders.

M. Clasper

Mike Clasper
Chairman

16 December 2020

CHIEF EXECUTIVE'S STATEMENT

Our teams all around the world have risen to the challenge and demonstrated their professionalism, resilience, team spirit and 'can do' attitude every single day. We have strengthened our competitive advantages, and we are in a strong position to rebound as travel recovers.

Overview

My first full year as CEO of SSP has seen both significant challenges and also considerable learnings. We have worked decisively and flexibly to address the impact of the pandemic. At the outset of the crisis, we took a cautious approach to the timing of the recovery. We assumed it would be prolonged, and therefore proactively planned our actions accordingly. We immediately raised additional liquidity and hibernated our units, whilst developing a more flexible operating model that has enabled us to reopen in line with demand. Our teams all around the world have risen to the challenge and demonstrated their professionalism, resilience, team spirit and 'can do' attitude every single day. We have strengthened our competitive advantages, and we are in a strong position to rebound as travel recovers. I would like to personally thank my Executive team for their support and tenacity.

Our response to the crisis and preparing for the future

When the virus first emerged, our immediate priorities were to ensure the health and safety of our colleagues and protect our business. We temporarily closed the majority of our units, furloughing team members where schemes existed, and engaged with our clients to renegotiate rents. We also reduced discretionary spend and capex to the minimum. Our relentless focus on cash control has enabled us to minimise cash outflows and with liquidity of more than £500m at the year end ,we have considerable headroom to trade through the crisis.

After a near shutdown in April, demand gradually started to increase led by domestic rail and air leisure travel. We responded quickly, reopening units systematically and profitably, and by the end of the year, we had more than one third of our units open. During the pandemic, we have looked to strengthen our relationships with our clients and have evolved our offer to meet the needs of our customers. As the market recovers, we will be ready to reopen the rest of our estate profitably, to re-hire our people and to provide food and beverages to travellers around the world. With the benefit of all that we have learned through this crisis, we will start to expand the business again.

Our People

Our people are at the heart of our business, and I have been hugely impressed by how they've brought our values to life and the commitment they've shown throughout this challenging year. Our colleagues have worked tirelessly to help protect the business and have made many sacrifices, and I'd like to thank them for their dedication. I'd also like to acknowledge the strong leadership shown by our Regional CEOs and their management teams who have been integral to delivering our plans. Regrettably, due to the crisis, we've had to take some very tough decisions, including the need to make colleagues redundant, but it remains our intention that when we reopen our units we can welcome our colleagues back soon.

Corporate Responsibility

We have also taken the opportunity during this crisis to consult with stakeholders to understand how their priorities have evolved through the pandemic, and it's evident that the social elements, including engaging with our people, diversity and inclusion, and health and wellbeing are all areas of increased importance. As a result, we have refocused our approach, prioritising these and other key areas, such as sustainable packaging, food waste and responsible sourcing. This is an area I am personally leading, and which I feel strongly will underpin our sustainable growth in the years to come.

Outlook

Whilst we expect passenger numbers to remain subdued over the winter, we are optimistic that, alongside good progress with the vaccination programme, we will start to see a recovery in the travel sector lead by domestic demand and international leisure travel more broadly. We are ready to respond quickly. The actions we have taken and continue to take to rebuild the business and strengthen our competitive advantages will position us to capitalise on future market opportunities.

Simon Smith
Chief Executive Officer

16 December 2020

OUR MARKETPLACE

The global travel food and beverage market

We estimate that our core market, comprising food and beverage (F&B) sales in airports and railway stations, was valued at approximately £23bn in 2019. Ours is a very fragmented market, with only a small number of large players operating on a global level, of which we are one. Many of our competitors are small local operators.

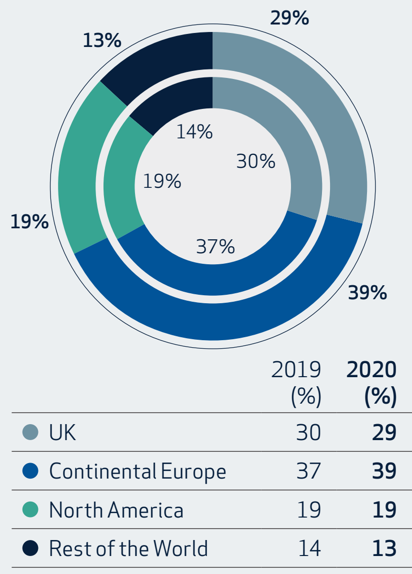
What key channels and geographies do we focus on?

In 2020, 60% of our revenue came from air, whilst the rail sector accounted for 33%.

7% 60% 5% 31% 64% 33%

	2019 (%)	2020 (%)
Air sector	64	**60**
Rail sector	31	**33**
Other	5	**7**

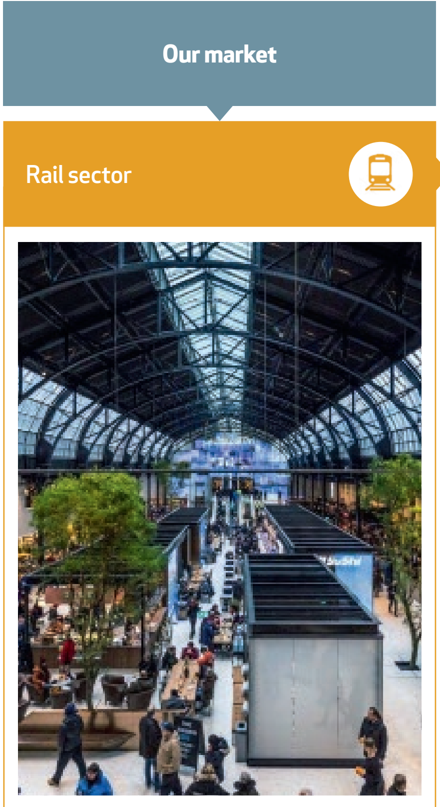
We operate across 35 markets, which we group into four key divisions: 1) **UK** (UK and the Republic of Ireland); 2) **Continental Europe** (DACH, Frabel, Netherlands, Spain and the Nordics); 3) **North America** (USA and Canada) and 4) **Rest of the World** (Eastern Europe, India, Asia Pac, Middle East and South America). The split of revenue between these markets is as follows:



	2019 (%)	2020 (%)
UK	30	**29**
Continental Europe	37	**39**
North America	19	**19**
Rest of the World	14	**13**

Our market

Rail sector



In the Rail sector, passengers in our key European markets (UK, France and Germany) were estimated to total 6bn in 2019. Prior to Covid-19, passenger numbers within these countries had increased at an average annual rate of c.2% since 2013, with moderate growth forecast to continue in the medium term*.

We believe the following factors will drive continued growth in passengers and the food and beverage market in particular:

* ORR; Eurostat (2019)

Air sector

Prior to the Covid-19 pandemic, air passenger growth was forecast to increase at c.4% per annum, according to Airport Council International (ACI)*, reaching more than double the 8.8bn passengers (2018) by 2037.

We are confident that once the market recovers, there will continue to be growth in passengers and spend on food and beverage, and this growth will be underpinned by a number of key trends, as follows:

* ACI World Traffic Forecast (2019)

"Demand for our services will rebound and we are well-placed to deliver for all our stakeholders as the travel sector recovers."

Simon Smith
Chief Executive Officer

- Continued investment in track expansion, especially in high-speed rail networks
- Destination station development strategies – improving retail, leisure and business offerings
- Infrastructure investments in developing countries
- Governments seeking to encourage passengers to switch from road to rail transport to reduce road congestion and to address environmental concerns

- Globalisation of business and leisure
- Rising disposable incomes, especially in developing markets
- Growth of short haul travel and low-cost carriers
- Infrastructure investments in developing markets
- Increased level of security and dwell time at airports
- Greater focus on non-aeronautical revenues by airports
- Reduced food and beverage service on board

Covid-19 impact on SSP

The Covid-19 outbreak and the strict restrictions put in place to limit the spread of the virus led to an almost total shutdown of the travel market worldwide. By April, we were forced to close the majority of our units in response to the dramatic fall in passenger numbers, with only around 10% open during this time. As a result, Group sales dropped to -95% in April and May, recovering very slightly to -90% in June.

Throughout the summer, restrictions eased somewhat, people went back to work (and back onto trains) and there was a recovery in regional air travel, especially in Europe and the UK during the school holiday season. In response, we were able to open more units to capitalise on the increase in demand, and at the end of September, sales had improved to c.-76% of pre-Covid levels, and we were operating c.1,200 units.

Since the end of September, however, there has been a re-emergence of the virus in many countries, and restrictions have tightened. This again has impacted demand in the travel sector, leading to a period of lower sales and the temporary re-closure of a number of units across the Group.

Our response

People and Communities

- New H&S safety protocols created and cascaded
- Offices closed and colleagues supported to work from home
- Increased communication to colleagues
- Donations to food banks and local hospitals; corporate charity fundraising

Profit protection

- Temporary closure of units
- Colleagues furloughed globally where schemes available although redundancies have been necessary
- Rents renegotiated: lower/flexible rentals, Minimum Annual Guarantees (MAGs) waived
- Salary reductions across senior management, Executive Committee and Board
- Careful interrogation of passenger data and an evolved flexible operating model to enable us to reopen more units at lower levels of sales

Liquidity

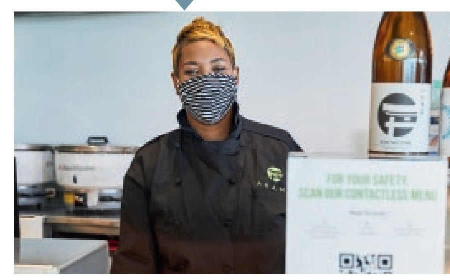
- Raised over £550m of new liquidity via March equity placing (£209m), access to CCFF (£300m) and additional local facilities (£44m)
- Focus on minimising cash outflows: tight working capital management, capex programme on hold and suspension of returns to shareholders
- A further small placing in June, allowing investors to reinvest 2019 final dividends to retain cash in the business

OUR BUSINESS MODEL

Our business model is focused on driving growth by meeting the food and beverage needs of our clients and customers in the complex and challenging travel environment.

It is founded on five key elements, which have been key to creating value for our stakeholders since IPO and have proved critical in helping us trade through the Covid-19 crisis.

1. Leading market positions → 2. Food travel expertise → 3. Long-term client relationships → 4. Local insight and international scale →



1. Leading market positions

We have leading positions in some of the most attractive sectors of the travel food and beverage market thanks to our extensive brand portfolio (comprising our own brands and bespoke concepts as well as franchised local and global brands – see next page) and established management and operational teams across the 35 countries in which we operate.

Our strong market presence has allowed us to reopen selectively and profitably across many locations, even at lower levels of sales, ensuring we continue to serve our customers and clients.

2. Food travel expertise

We provide a compelling proposition for both clients and customers based on our food travel expertise.

This includes a deep understanding of what our customers are looking for and an extensive offering of concepts to meet these needs. Managing high passenger volumes and the complex logistics that characterise travel environments is an essential element of our business model.

These complexities include longer operating hours, supply chain and logistics constraints, space limitations and peaks and troughs in demand. Our understanding and ability to manage these complexities allows us to deliver consistently high quality food and beverage offerings that fulfil the requirements of clients and customers. This expertise has allowed us to adapt to a more flexible operating model to mitigate the impact of Covid-19.

3. Long-term client relationships

Our principal clients are the owners and operators of airports and railway stations, but we also have a small presence in motorway service areas, hospitals and shopping centres.

We have excellent, long-standing relationships with many of our clients and have maintained high success rates in retaining our contracts.

The strong, local relationships we've established with our clients have been critical in helping us trade through the Covid-19 crisis, as we have been able to negotiate more favourable rent agreements, which in turn has allowed us to reopen more of our units and serve more customers.

4. Local insight and international scale

We have a deep knowledge of the individual markets in which we operate, alongside significant international scale and expertise.

A strong local presence enables us to understand local customers' tastes and needs, as well as allowing us to maintain close relationships with clients and brand partners by creating a 'sense of place' in the locations where we operate.

Our international reach enables us to benefit from economies of scale with regard to central functions and systems, as well as sharing best practice across regions, countries and sites. This sharing of best practice has been particularly relevant in helping accelerate our reopening programme and roll-out of technology across the Group.

We have more than 550 brands in our portfolio, from well-known grab & go sandwich shops and cafés to bespoke high end bars and restaurants, which means we can respond to the specific needs of passengers as they travel around the world.

This large selection of brands helps us win and retain contracts, as it gives clients confidence in our ability to cater to their customers with a great selection of food and drink options. We differentiate our brands between those we franchise and those we've created.

5.
Experienced management team

We have highly experienced colleagues with a broad range of expertise across the food and beverage, travel and retail industries.

We employ dedicated teams of senior managers focused on business development, sales, marketing and operations, who work closely with our clients to ensure their requirements are met. They are supported by experienced, locally based operational teams who have a track record of delivering operational excellence and great customer service.

Regrettably, this year we've had to take a number of very difficult decisions to protect our business in response to Covid-19, including making many roles redundant across the organisation. However, as far as possible, we have aimed to retain our longest-serving and most highly skilled talent in anticipation of the recovery, so that we are well placed to rebound and mobilise quickly when demand returns.

Brands we franchise

Local hero brands

Bringing in well-known local brands is one of the best ways to evoke the true atmosphere of the city that the travel hub serves.

International brands

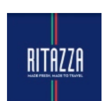
Over many decades, we have partnered with some of the world's biggest names, which trust us to serve their customers to the highest standards.

JAMIE'S DELI

Brands we've created

Our own brands

We have been creating and running our own brands for nearly 60 years, starting with Upper Crust, first established in the 1960s.



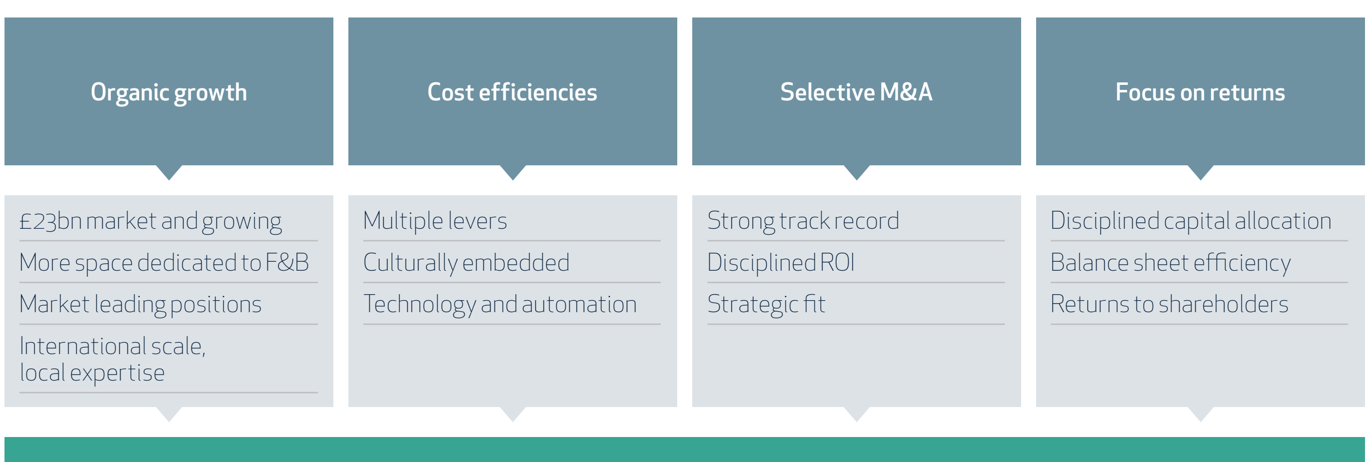
Bespoke concepts

We are experts at developing bespoke concepts which we have created in collaboration with clients, brand partners and leading chefs to bring a 'sense of place' to the location we serve.

OUR STRATEGIC PRIORITIES

Building on our competitive advantages to restore the business to growth

As a result of the dramatic impact of Covid-19 on the travel sector, we have taken decisive action to protect our business, whilst at the same time, we have worked to develop our competitive advantages so that we are in the best possible position to succeed when the market recovers. Our strategic priorities will evolve as the business recovers, ensuring we deliver strong and sustainable growth for the benefit of our stakeholders.



Since IPO, this has been supported by our five lever framework to deliver growth and efficiencies

1. Optimise our offer to benefit from the positive trends in the travel market

We aim to use our broad portfolio of brands and retailing skills to drive profitable like-for-like sales, ensuring that we maximise the benefit from the positive trends in these travel markets.

2. Grow profitable new space

The travel food and beverage market in airports and railway stations is characterised by long-term structural growth. It offers excellent opportunities for us to expand our business across the globe.

3. Optimise gross margin and leverage scale benefits

Key areas of focus include range and recipe rationalisation, procurement disciplines, and the management of waste and losses.

4. Run an efficient and effective business

We have a multi-year programme of initiatives to improve operating efficiency, which has been important to the Group given the historical backdrop of ongoing labour cost inflation.

5. Optimise investment using best practice and shared resource

We continue to look at how we can reduce cost and drive simpler, more efficient processes.

Our strategic response to Covid-19

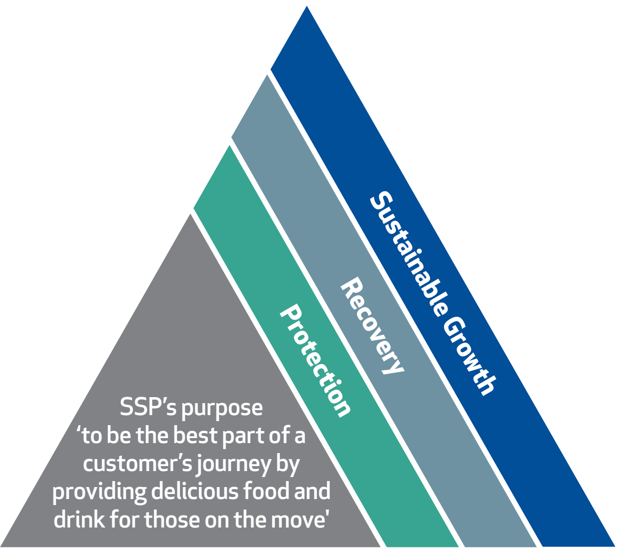
The impact of Covid-19 on our business has required us to streamline our operations and rebuild our fundamentals. Having protected the business during the worst part of the crisis, our strategic focus is now to restore SSP to growth and position us for future success as a strengthened business, which will deliver long-term sustainable growth for all our stakeholders.

We've categorised our strategic response to Covid-19 in three phases:

The first phase – **Protection** – covers the spring and early summer of 2020, when the virus first took hold and spread rapidly around the world. This resulted in strict government restrictions which led to a sharp fall in passenger numbers and revenue, leading us to take all the necessary measures to protect our business from the crisis.

The second – **Recovery** – reflects the period from summer onwards, as we started to take the actions needed to put us in the strongest position to benefit from an eventual recovery.

The final phase – **Sustainable Growth** – characterises the period of sustained recovery and the steps we will put in place to ensure we return to delivering sustainable growth to the benefit of all our stakeholders.



Protection

Priorities

- Ensure the health and safety of our teams and customers
- Reduce costs
- Protect liquidity

Actions

- Enhanced safety protocols communicated and implemented; colleagues enabled to work from home
- Agreed flexible rents with landlords
- Closed units; furloughed teams
- Discretionary spend and capex reduced to minimum; projects deferred
- £550m new liquidity created via placing and loans

Recovery

Priorities

- Establish a lean but flexible organisation
- Disciplined reopening of units using new model
- Build agility and resilience to manage a prolonged and erratic recovery

Actions

- Re-organised structures to right size the business whilst retaining resource to scale up quickly
- Developed new unit economics enabling us to break even at lower levels of sales
- Protected/strengthened liquidity whilst keeping cash burn to a minimum
- Accelerated roll out of IT, technology and automation as enablers
- Redefined Corporate Responsibility (CR) and People strategies

Sustainable Growth

Priorities

- Identify market growth opportunities
- Build long-term competitiveness and customer relevance
- Keep teams engaged and motivated; retain our talent
- Embed CR further within our operations

Actions

- Optimise existing space and return to growing profitable new space
- Further develop customer proposition to meet post-Covid expectations
- Optimise efficiency and automation
- High returning and selective reinvestment and disciplined M&A
- Deliver against our CR and People strategies

OUR STAKEHOLDERS

As a global business with operations in 35 countries, SSP has a wide and diverse group of stakeholders, on whom we rely for our success. We define our stakeholders as those whom we affect and those who affect us. We have identified eight stakeholder groups: colleagues, customers, clients, shareholders, brand partners and suppliers, communities, non-governmental organisations, and government and regulators. We review these stakeholder groups on a regular basis.

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

The table below gives a summary of our stakeholder groups, their expectations or material concerns, and how we have engaged with them throughout the year.

	Who are they?	Why do we engage?	How have we engaged?	Covid-19 impact
Our colleagues	The people who work at SSP	As a service provider, our teams are at the heart of our business. We want to ensure they are treated fairly, have the training they need to do their job to the best of their ability and the opportunity to develop their careers.	• Surveys • Town Hall meetings • Team briefings • Conferences • Internal channels • Works councils	• Internal comms programme significantly enhanced • More frequent online briefings for all colleagues • Collateral developed to support those on furlough • Support provided to those made redundant
Our customers	The people whom we serve at our outlets	Understanding customer needs and trends enables us to provide the choices they want; their views also help us ensure our teams are delivering the quality and service they expect.	• Customer surveys and comments cards • Feedback to our customer care line • Online review sites	• More visible H&S information • Adapting our offer to meet changing needs • Implementing contactless order and pay methods
Our clients	The people who run the travel locations where our units are located	Our business success is dependent on retaining the space we have and winning new space in travel locations worldwide. By better understanding our clients, we can meet and aim to exceed their expectations.	• Client surveys • Regular emails/phone calls/ in person updates led by our local business development teams • CEO level 'top to top' meetings	• Enhanced client communications over actions being taken • Ongoing discussions to agree more flexible rents and opening/closing times
Our shareholders	The people who own shares in SSP Group plc	Our shareholders own our business and affect its value. We rely on their support, and their views are regularly discussed by our Board of Directors.	• Investor roadshows • Regular phone and face-to-face meetings • AGM	• Enhanced frequency of meetings on impact of crisis and actions being taken • Additional engagement regarding equity placing, ESG and remuneration
Our brand partners and suppliers	The people who trust us with their brands or who provide our products and services	We have many long-standing relationships with this group and if we're successful, they also benefit. Likewise, if we don't understand what happens throughout our supply chain, this can carry a risk to our reputation.	• Regular email/phone dialogue • Meetings • Provision of training materials on a specific topic, for example, modern slavery	• Additional communication to discuss unit closure and reopening plans, agree new ranges in units, and secure more favourable payment terms to protect cash flow
Our communities	The people who live in those areas where we operate	Many of those in our communities are our customers and our employees. It's important we're seen as a good employer and a responsible business.	• Charity partnerships • Programmes to get disadvantaged people into work • Food and drink donations	• Enhanced efforts to support local charities, organisations and hospitals with food donations and other charitable contributions
NGOs	Non-governmental organisations who provide expert guidance on key areas of our sustainability strategy	Understanding NGO expectations has contributed to positive progress against key areas, such as animal welfare and food waste. We take their views into account when reviewing our sustainability strategy and identifying commitments and KPIs.	• Informal and formal correspondence	• Continued ongoing engagement
Government and regulators	The regional and national governments and agencies which set the laws and policies governing our business	To share our position on policy areas which have the greatest impact on our business; to better understand their priorities.	• Meetings • Correspondence	• Additional engagement (directly and via trade associations) to call for extra support for businesses in the travel sector

More information on our stakeholders can be found throughout the Annual Report.

SECTION 172 STATEMENT

Each Director of the Board confirms that during the year under review, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, has had regard (amongst other matters) to:

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

The principles underpinning Section 172 of the Companies Act 2006 (the 'Act') are embedded in the Board's decision making and the Board recognises the importance of understanding the views of the Group's key stakeholders and having regard to those views in its discussions and decision-making processes. A summary of the Group's key stakeholders, their expectations and how the Group has engaged with them is set out on page 10. Page 55 of the Corporate Governance Report sets out how the Board engages and is kept informed of key stakeholder interests and the below table provides examples of how stakeholder interests and the matters set out in Section 172 of the Act were considered in key Board discussions and decision-making in FY20.

Key

- ● Long-term
- ● Employees
- ● Business relationships
- ● Communities and the environment
- ● Reputation for high standards of business conduct
- ● Acting fairly between shareholders

March Placing and Subscription ●●●●	On 25 March 2020, the Company announced the successful completion of the non pre-emptive placing and subscription by certain directors and senior management for an aggregate of c. 86.5m new ordinary shares in the capital of the Company. Together, the placing and subscription raised gross proceeds of £216.2m. In making its decision to approve the placing and subscription, the Board considered the purpose of the placing and subscription which was to strengthen the Company's balance sheet, working capital and liquidity position during a period of unprecedented disruption in the global travel market as a result of the Covid-19 outbreak. In making its decision, the Board considered the benefit of the placing and subscription in the long term and the need to protect the business, its colleagues, customers and partners as the Company dealt with the onset of Covid-19.The non pre-emptive placing structure was chosen as it was an effective way to raise funds both from a cost and time perspective. However, mindful of their duty to act fairly as between shareholders and of governance guidelines regarding non pre-emptive issues, members of the Board and the senior management team consulted with the Company's major institutional shareholders before approving the placing and subscription. For further details of the placing and subscription see page 87.
June Placing, Subscription and Retail Offer for re-investment of FY19 Final Dividend ●●●●	On 4 June 2020, the Company announced the successful completion of a further non-pre-emptive placing and subscription by certain directors and senior management and retail investors for an aggregate of c. 3.5m new ordinary shares in the capital of the Company. Together, these actions raised gross proceeds of approximately £11m. Following the onset of Covid-19 and its impact on the Company, the Directors and members of senior management engaged with regulators and shareholders and assessed various options for the non-payment of the FY19 Final Dividend £26.8m (approved at the Company's AGM in February 2020). However, in light of the circumstances around the timing and shareholder approval of the FY19 final dividend, many of the options proved to be unachievable. Following further engagement with shareholders, lenders and regulators and with the continued aim of retaining cash within the Group, the Board approved the June Placing, Subscription and Retail Offer to allow investors entitled to the FY19 Final Dividend payment an opportunity to reinvest their cash dividend back in the business. In making this decision, the Board needed to balance the interests of shareholders (who were entitled to the dividend), lenders (who were being asked to defer repayments and waive covenants) and the long term interests of the Company (and therefore those of its colleagues, customers and business partners). It was felt that the placing fairly balanced these interests. For further details of the placing, subscription and retail offer see page 87. The proceeds allowed part of the FY19 Final Dividend payment to be effectively retained in the business to further enhance the Company's cash and liquidity position during the period of unprecedented disruption in the global travel market as a result of the Covid-19 outbreak.
Appointment of Mike Clasper as Independent Non-Executive Director and Chairman designate ●●●	On 1 November 2019, the Company announced its decision to appoint Mike Clasper to its Board as an Independent Non-Executive Director and Chairman designate. This followed a thorough search process conducted with external support as set out in the Report on the Nomination Committee on page 53. In making its decision, Mike's significant and relevant experience, in particular, deep expertise in the airport and aviation services industries following his time as Chief Executive of BAA plc and his experience as Chair and Board member of main market listed plcs was considered. It was agreed that Mike's appointment would likely help the Company maintain a reputation for high standards of business conduct and promote the success of the Company in the long term, particularly given Mike's significant business experience and proven leadership track record.
Business restructuring process ●●●	On 1 July 2020, the Company announced its plans to reorganise the UK business to reflect the low level of UK passenger demand, and closure of a substantial number of units in the UK, resulting from the significant impact of the Covid-19 pandemic on the travel industry and the Group's business. This led to the start of a collective consultation resulting in c. 5,000 roles becoming redundant from within the head office and UK operations. In making the difficult decision to approve the proposed reorganisation of the SSP UK business, the Board took into consideration the need to protect the business and to substantially strengthen the Group's financial position in order to deliver long term sustainable growth for the benefit of all its stakeholders including its employees.
Covid-19 recovery strategy ●●●●●	As the impact of Covid-19 became apparent, senior management and the Board recognised the need to take rapid and decisive action to protect the business in the short term. However, the Board were also clear that in order to protect the interests of the Company in the long term (and those of its colleagues), and to foster the Company's business relationships with suppliers, customers and others, the Company needed to set a Covid-19 response strategy that not only dealt with immediate protective steps, but which also set out the steps to recovery and a return to the delivery of sustainable growth. In devising this strategy, the Board was mindful of the Company's role within the communities it operates in. For further details of the agreed strategy see pages 8 to 9.

CORPORATE RESPONSIBILITY REPORT

At SSP, we recognise the impact our business has on others. Our social and environmental responsibilities are integral to our business strategy, and we are committed to playing a key role in addressing the issues where we can make the greatest positive impact.

This year has presented some unprecedented challenges in the implementation of many of our existing corporate responsibility (CR) initiatives. The Covid-19 crisis has increased the level of activity on issues like employee engagement and community partnerships as our business and our teams responded directly to a very immediate need brought on by the pandemic. In other CR areas, however, the crisis had the opposite effect and meant that some established work programmes had to be put on hold, notably on issues like plastic reduction, energy efficiency and sustainable sourcing, due to the fact that units were either closed or operating under very different conditions to normal, as well as the fact many of our colleagues were furloughed. As a result, we have not made the progress we would have hoped in managing some issues. Our CR reporting this year is influenced by this trend, with more focus on People and Community issues.

In the latter part of the year, we have taken the opportunity to review our Corporate Responsibility strategy, acknowledging that stakeholder expectations had evolved since our strategy was originally created, and particularly in light of the Covid-19 crisis. We have gathered feedback from key stakeholders to understand in greater depth how views and priorities have, or have not, changed.

Our key stakeholder groups include, amongst others, our colleagues, our customers, our clients, suppliers and shareholders, as well as the communities in which we operate. Our recent research had helped us to understand that social issues now have increased importance for our stakeholders. Within this, the wellbeing of people, diversity, human rights across the supply chain and corporate culture are all particular areas of focus. Environmental issues, in particular climate change and plastics also remain key issues. For more information about our wider engagement with stakeholders, please see page 10.

Reflecting our stakeholder views on social and environmental issues, alongside our own business priorities, we have identified the issues we believe are most material for our business and our stakeholders (both now and in years ahead) and where we believe we can make the biggest impact. These issues form the basis of our new CR framework and are grouped under three pillars: People and Communities, What we serve, and Our planet.

We concluded that two issues are so critical to the overall business strategy that they should sit above and wrap round the CR strategy. These are Safety (including colleague, customer and food safety) and our People strategy.

Members of both the Group Board and the Executive Committee have defined responsibility for each of our CR policies and commitments. In the year ahead, our Group Executive Committee will lead the work to agree the specific KPIs, targets and actions which will sit below each of our CR commitments. Ongoing progress will be monitored by the Group Executive Committee, with regular reports to the Group Board.

SSP is committed to supporting the UN Sustainable Development Goals

Specific goals are signposted in the relevant sections of this report. More detail, together with relevant policies and additional case studies, is available at www.foodtravelexperts.com

Our revised Corporate Responsibility framework, as approved by our Group Board, is set out below:

People and Communities

Colleague engagement and wellbeing
Inclusion, diversity and human rights
Community partnerships

What we serve

Nutritional balance
Sustainable sourcing
Animal welfare

Protecting our planet

Single-use plastic
Food waste
Carbon footprint

Underpinned by Group Safety Strategy and our People Strategy

People and Communities

People are at the very heart of our business, and this pillar looks at those directly employed by us or who work in our supply chain as well as those living in the local communities in which we operate. We strive to deliver an engaging, supportive and understanding working environment for our colleagues, giving them the opportunity to develop their skills and build their careers in an inclusive, non-discriminatory culture where they feel valued, respected and part of the team. We are committed to respecting the human rights of those who work for us, both those directly employed by our business and in our supply chain. We also aim to make a positive difference in our communities around the world by supporting local initiatives.

Employee engagement

Related UN Sustainable Development Goals

Our commitment

We value and respect our colleagues, caring for both their physical and mental wellbeing. We work to create an environment where they feel informed and engaged and know that we will support them to develop their skills and achieve their full potential.

Our progress

Our Board and Executive team are committed to ensuring that our colleagues are fully engaged with our business strategy and objectives and understand the contribution they make to this. We have a regular programme of briefings, huddles, employee conferences and news updates using a number of different channels – from face to face or virtual meeting to emails and posters. Many of our markets have colleague forums or works councils to give an opportunity for colleagues to raise any issues or concerns they might have so that we can address them and improve the colleague experience at SSP. We operate a European Work Council with the objective of providing timely and meaningful information and a forum for consultation to enhance the social dialogue with our European colleagues. The forum addresses transnational issues, which may affect employment, working conditions and the interests of its employees.

One way in which we listen to our colleagues is through engagement surveys. For example, this past year, SSP Finland conducted a colleague satisfaction survey, which also gathered views on how they were being impacted by Covid-19. In our UK business, our surveys have been focused on specific issues, for example, to gather feedback and input into designing our new head office space, or to understand the views of colleagues returning to work after furlough.

Following the launch of our new Group Values last year, the Board agreed a programme of work to embed the values into our core business culture. Our HR teams held workshops across our markets to ensure that colleagues understood the new values and to listen to their feedback. Colleagues (initially head office and operations management) were introduced to the values and supporting behaviours and took part in facilitated activities to talk through each value and discuss what we should Stop/Start/Continue to support the values. Everyone who attended was asked to make their own personal commitment to living the values with follow up in regular team meetings to agree team commitments and action plans. We will continue to work to build awareness of the values and integrate them into our business culture, for example, as part of recognition schemes and performance reviews. Our Group CEO has kept the Board updated on the progress of the roll-out of our Group Values during his monthly CEO report.

During the latter part of the 2020 financial year, the Group developed a revised People strategy, focused on retention, engagement and development. This was presented to the Group Executive Committee and Group Board following the year end and is currently being launched throughout the business. The engagement mechanisms discussed here and in the Corporate Governance Report will enhance the Board's ability to assess and monitor culture throughout the Group.

Colleague engagement during unprecedented times

Our Board and Group Executive team were clear that strong colleague engagement should be our top priority during the Covid-19 pandemic to ensure that colleagues had regular updates on business performance and any changes that were being made to help them manage what has been an incredibly challenging time for all. Our Group CEO Simon Smith and Regional CEOs have led regular leadership updates to our teams, across both our management and operations populations. These are carried out as interactive discussion sessions. We have also sought to maintain regular team meetings and 1:1s for all colleagues, whether on furlough or not, recognising the importance of continuing to stay together as a team and keeping in touch with the business.

Our Group HR team created guidance materials to support colleagues on specific issues they may be facing as a result of the pandemic. Guides covered working from home, how to cope with being furloughed, mental wellbeing, and leading a team remotely. These resources were made available across all of our global markets.

For those colleagues whose roles were regrettably made redundant as a result of the crisis, we created a bespoke package of digital tools to give them support in finding new roles. The guidance covered topics ranging from managing change and wellbeing, to marketing yourself and how to improve your CV. This content is available to colleagues even after they leave SSP.

CORPORATE RESPONSIBILITY REPORT CONTINUED

As part of our Board commitment to employee engagement, we have appointed Per Utnegaard as SSP's designated Non-Executive Director for employee engagement. Per's role focuses on ensuring that we effectively engage with our colleagues, listen to their views as well as giving them the opportunity to share feedback on the topics which matter most to our colleagues and which are key to our business. Per will keep the Board updated on these topics to ensure that the Board understands both the views of colleagues and the current culture within the Group. In addition, the Group CEO includes a people section in his monthly CEO report to the Board which provides an update on key colleague related matters. Going forward, both avenues of feedback into the Board will allow the Board to better take into account interests of colleagues as it develops business strategy and takes key strategic decisions.

Per Utnegaard, Non-Executive Director Designated NED for Employee Engagement

Whilst much of the colleague engagement in FY20 has been adapted to the Covid-19 colleague experience, in the year ahead, we aim to continue to strengthen our employee engagement activities with a wider range of forums across all of our regions, giving colleagues at all levels of seniority the opportunity to engage directly with our Board and Executive team, both to learn more about our business strategy and to share their own views with us.

Developing our people

We are committed to supporting our colleagues to develop their skills and careers. The SSP Academy, our global online learning platform, is at the heart of our learning and development strategy. The Academy is available to colleagues in all our markets, in their language, and is designed to help us support the development of our colleagues at all levels, as well as delivering corporate and high risk training content in all markets. We continue to extend the range of training provided via the Academy.

As part of our Board commitment to develop high potential talent within the business, during the year, we worked with Ashridge Hult Business School to launch our new Global Leadership Programme. The aim of the programme is to identify and develop high potential talent to fulfil future larger leadership roles; to explore what great leadership at SSP looks like now and in the future to ensure our continued success; and to support our senior leaders to be successful in an evolving and challenging world and to deliver for all of our stakeholder groups. Early in 2020, we commenced our first cohort of 20 delegates from across nine countries. Going forward, this programme will also be reinforced by a core curriculum of leadership and business skills for all colleagues.

We offer apprenticeship qualifications in many of our European markets, including Germany, France, Greece, Norway and the UK. These qualifications form a key part of our learning and development strategy, giving our team members the opportunity to develop their careers into junior managerial roles. In the UK, we increased our apprenticeship portfolio and now offer over 13 different apprenticeship programmes for our operations colleagues, with further apprenticeships also available for head office staff in a variety of departments such as IT, Project Management, Business Administration, and Finance. Degree apprenticeships are also available with enrolments supported for recognised high performing managers.

Inclusion, diversity and human rights

Our commitment

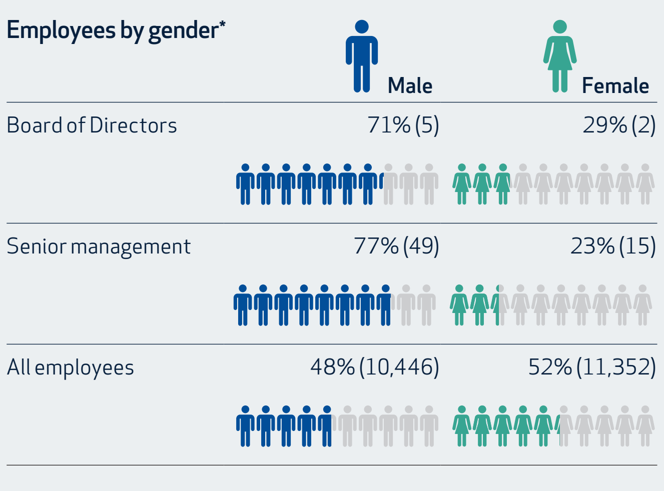
We promote an inclusive, culture reflecting the diversity of our local communities and the customers we serve. We respect and protect human rights throughout our business and supply chain.

Our progress: Inclusion and diversity

Our Equality Policy outlines our expectation that all our employees should be treated with respect and be able to work in an environment in which they can realise their potential, free of harassment and discrimination in any form. We provide training and guidance to all our colleagues to ensure they understand and comply with this policy. One of the ways in which we measure the success of this approach is by monitoring the number of women in senior management roles and on our Board. This year, we were pleased to welcome Judy Vezmar as a Non-Executive Director who brings a wealth of valuable experience to our PLC Board.

As well as looking to promote diversity within our own business, we also consider diversity as part of our business relationships. SSP America works to support minority businesses through its network of joint venture partnerships and our participation in the Airport Minority Advisory Council (AMAC), where members of the SSP America team have held leadership and advisory roles.

Across the Group, full and fair consideration is given to applications for employment from people with disabilities. We are committed to supporting disabled employees, including employees who become disabled during the course of their employment with the Group, with regard to training, career development and promotion.



*Stats as at 30 September 2020. As at 16 December 2020, the Board of Directors gender breakdown is 75% male and 25% female following the appointment of Tim Lodge to the Board on 1 October 2020.

The methodology for reporting Gender Diversity at a senior management level has been revised this year to ensure compliance with the Corporate Governance Code. These figures are now based on SSP Group's submission to the Hampton Alexander Report and comprises Senior Management (which is our Group Executive Committee and Company Secretary as per the Code definition) and direct reports. This has resulted in a year-on-year comparison which is not on a like-for-like basis and therefore not reflective of the Group's approach to recruitment and progression policies. See above and page 53 for details of such policies.

Our progress: Human rights

Our Supplier Code of Conduct and Human Rights Policy outlines our commitment that the people working for SSP and within our supply chain are to be treated with respect, and their health, safety and basic human rights must be protected and promoted. We require that our suppliers comply with all relevant local and national laws and aim to meet the standards outlined in the Ethical Trading Initiative Base Code, which SSP has adopted as our international standard. This applies across our global business. As at 1 February 2020, 85% of our existing global suppliers (by value) had signed up to our policy, and the policy is part of the contract for all new vendors.

In order to understand more about how our suppliers are managing human rights within their business, we require suppliers to share ethical trade audits with us, often using the Supplier Ethical Data Exchange (SEDEX) platform. Going forward, we will continue to work with our country management teams, in particular in those countries deemed to be higher risk for ethical trade and modern slavery, to ensure that they are able to assess the risks in their supply chain and, where appropriate, work with suppliers to improve performance.

In line with the requirements of the 2015 Modern Slavery Act, we also operate a due diligence process to ensure that modern slavery risks are closely monitored within our business and supply chain. Further detail on our approach is provided in our separate Modern Slavery statement, available at www.foodtravelexperts.com.

Anti-bribery and anti-corruption, prevention of facilitation of tax evasion, whistleblowing and fraud

SSP has a Group-wide Anti-Bribery and Anti-Corruption Policy to comply with the Bribery Act 2010, as well as a policy on the prevention of facilitation of tax evasion. We periodically review our procedures (including due diligence on new partners) to ensure continued effective compliance in its businesses around the world.

The Group's Whistleblowing Policy provides a framework to encourage and give all individuals working at all levels of the Group, including employees, consultants and contractors, confidence to 'blow the whistle' and report irregularities. Individuals are encouraged to raise concerns with designated persons and/or through the Country Whistleblowing Officer or confidential Group Helpline. The Board (in conjunction with the Audit Committee) monitors this policy and reviews the matters reported and the outcome of any investigations.

The Audit Committee periodically reviews the Group's policies and procedures for preventing and detecting fraud, its systems, controls and policies for preventing bribery and for preventing the facilitation of tax evasion, its code of corporate conduct and business ethics and its policies for ensuring that the Group complies with relevant regulatory and legal requirements. The Audit Committee receives updates on bribery and fraud trends and activity in the business, if any, with individual updates being given to the Audit Committee as needed.

Community partnerships

Our commitment

We support the communities in which we operate through partnerships with charitable and other local organisations.

Our progress

Our Community Engagement Policy sets out our aims to make the communities where we work better places to live and do business, and encourage our colleagues to be involved with local communities to their mutual benefit.

With operations in 35 countries, we are present in many communities. Our teams across the world have partnerships with a wide range of local and international charities, with each country team identifying the charitable causes which are most relevant to their colleagues and customers.

In North America, SSP has an extensive community engagement programme supporting a wide range of charities, ranging from children's hospitals and hospices to charities supporting the homeless. In India, our TFS team works with the K Corp Charitable Foundation to support a number of charities on projects focused on food, nutrition and hunger in India. SSP units across the UK raise funds for the SSP Foundation, a UK registered charity which makes grants to support employee nominated charities in the communities where SSP operates, as well as providing funding for projects to promote skills development for young people. In partnership with the SSP Foundation, our SSP UK colleagues have been supporting Macmillan Cancer Support since 2018. Colleagues put on regular fundraising activities, ranging from green-themed fancy dress events to Macmillan Coffee Mornings. To date, the partnership has raised over £670,000.

SSP UK donated 100,000 Millies Cookies to NHS workers

Supporting our local communities during the pandemic

During some of the darkest days of the Covid-19 crisis earlier this year, SSP teams recognised the importance of reaching out to support key workers and those in need in their local communities. One example was the donation of 100,000 freshly baked Millies milk chocolate cookies to NHS workers, arranged thanks to a partnership between SSP UK, Delice de France, Electrolux Professional and London-based events caterer Food Show. The sweet treats were distributed to hospitals across London and the South East. SSP UK also gave away nearly £15,000 worth of food that would have otherwise reached its expiry date to charities and food banks across the country.

In India, our TFS joint venture partners K Hospitality served more than one million meals to frontline workers and those in need through their Karuna Seva initiative. This is in no small part to all those who came forward to volunteer and the great work of NGOs and the Maharashtra government, who also supported the project.

Group CEO, Simon Smith commented, "I'm so proud of the many efforts our colleagues have made to support those who need it most during these difficult times. From donating leftover stock from closed units to food banks and sending out treats to hospitals to cooking meals for the homeless, our teams have gone above and beyond to make a difference to their local communities. Thank you for everything you've done and all you continue to do."

CORPORATE RESPONSIBILITY REPORT CONTINUED

What we serve

We are passionate about providing quality products and services to our customers and providing them with the information and choice they need to make balanced nutritional choices. We are committed to ensuring the sustainability of our product ingredients and our supply chain.

Nutritional balance

Related UN Sustainable Development Goals

Our commitment

We provide customers with the information and the menu choices they need to select healthy options and to satisfy a wide range of dietary needs.

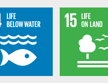
Our progress

With such a wide range of brands across so many markets, we know that we are well-positioned to help customers to make healthy food choices. We are committed to taking health and nutrition into account when we design our product ranges and menus with the objective of offering customers a choice which includes healthier options, together with nutritional information about the products we are serving.

Some of our brands, such as Haven and Camden food co., have been specifically designed to focus on providing menus with strong health credentials. These menus have an emphasis on fresh fruit and vegetables, salads and smoothies, with many items vegan or vegetarian. This year, we were delighted when our Haven unit in Oslo airport was awarded second place in the Norwegian Championship Healthy Fast Food category for its smoothie bowl.

In February 2020, before the closure of many of our units due to the Covid-19 crisis, we had plans in place for the rollout of a wider range of healthy options across our key brands and markets, supported by improved communication and labelling to help our customers make healthy choices. Unfortunately, the Covid-19 crisis meant that this programme has to be put on hold as units were closed and ranges reduced, which has impacted the level of choice available. As we expand our ranges again, health and nutrition will be a key factor in our new product development plans.

Sustainable sourcing



Related UN Sustainable Development Goals

Our commitment

We source our products and ingredients with due care for the environment and the people involved in their production and manufacture.

Our progress

Our Responsible Sourcing Policy outlines the standards which we expect our purchasing teams to implement when sourcing ingredients for our menus. Our purchasing teams are trained on the policy requirements and the policy is a part of all standard vendor contracts.

Our global purchasing teams have been focusing on driving improvement in the sourcing of some of the ingredients core to our business. One example is coffee, tea and hot chocolate, products which are core to SSP's ranges worldwide. We are committed to using tea, coffee and hot chocolate produced in accordance with ethical and sustainable standards, such as the Fairtrade or Rainforest Alliance certification schemes. As of February 2020, 78% of the hot beverages purchased for our proprietary brands were from certified sources under schemes such as Fairtrade or Rainforest Alliance.

Our teams have also been working with suppliers to ensure that the fish on our menus is from well-managed marine sources and that the products we serve only use sustainably sourced palm oil. We will continue to work with suppliers to drive improvement in these key areas and it's our aim to start reporting KPI data to demonstrate our progress.

Animal welfare

Our commitment

We work with our suppliers to maintain high standards of animal welfare across our global supply chain .

Our progress

Farm animal welfare is a key concern for SSP, our customers and other stakeholders. Our animal welfare commitments are integrated into our Responsible Sourcing Policy and we set an expectation that all global suppliers meet or exceed the standards within the 'Five Freedoms' concept proposed by the Farm Animal Welfare Council. We also publish a separate Farm Animal Welfare Policy which outlines the standards we want suppliers to work towards. This policy has been extended to cover all of our European markets and we plan to conduct training for our purchasing teams to help them ensure that the policy is implemented through our supply chain.

We have set specific targets to drive performance improvement on two key issues related to the welfare of chicken. Firstly, we have set a target that 100% of the shell eggs and liquid egg products used within our global proprietary brands should be from cage-free sources by 2025. We are already making good progress towards this objective in core markets including Germany, Sweden, Norway and the UK.

In order to help improve the conditions for broiler chickens across Europe, SSP has committed to work with our suppliers to meet the standards set out in the European Chicken Commitment (ECC) for 100% of the chicken meat we source for our proprietary brands in Europe, by 2026.The ECC is a set of six aspirational standards that focus on a transition to breeds with better welfare outcomes, increased living space, greater environmental enrichment and more humane stunning methods. Last year, our UK purchasing team had started to work with key suppliers on the implementation of this commitment and this work will resume in the year ahead and extend across our wider European operations.

We continue to take part in the Business Benchmark for Farm Animal Welfare (BBFAW), the investor-led global measure of corporate practice and performance on farm animal welfare. In the 2019 Benchmark, we were pleased to improve our ranking in the Index. BBFAW wrote to SSP commenting, "We are encouraged to see that SSP Group plc has substantially improved its ranking in the 2019 Benchmark; this indicates that you have made notable improvements in your farm animal welfare management practices and reporting over the past year." We will continue to work to strengthen our animal welfare management practices and hope to further improve our BBFAW ranking in the years ahead.

Safety

Safety is of paramount importance at SSP. It is imperative that our food is safe to eat and the safety of our employees, customers and the public is protected. Our Group Safety programme monitors safety practices and incidents in all regions against a set of key safety performance indicators. These cover health and safety, food safety and fire safety and include all employees, temporary and agency workers.

To harmonise safety operations in all units, we have developed a framework of minimum standards for our country operations. These Global Safety Standards must be implemented across all regions of operation and in addition to any local legal, brand or client requirements. The standards provide a framework of minimum technical safety standards and arrangements for implementation at country operational level. This includes self-audit and actions templates, quarterly safety statistic reports and an escalation process for serious safety incidents. Global Safety responsibilities are defined at country, region and Group level to ensure effective implementation, support and monitoring of the Global Safety Standards. In order to drive continued improvement, safety data is reported by all countries and reviewed by the Group Risk Committee and Group Board.

This year, we have carried out a review of allergens standards within the food safety part of the Global Safety Standards Self-Audit to ensure compliance with the additional labelling requirements from 'Natasha's Law' in the UK.

During the Covid-19 pandemic, our health and safety procedures have been strengthened with additional safety measures put in place and increased reporting to our Group Executive team and Board. Additional training was provided for all country teams on steps to take to keep colleagues and customers safe, with regular updates reflecting the latest public health messaging and advice. We have provided team members with personal protective equipment and introduced additional cleaning regimes to further protect colleague and customer safety.

Protecting our planet

We are committed to responsibly managing the environmental impact of our business, focusing on reducing the carbon intensity of our operations and products, and the levels of waste generated. Our Environmental Policy sets out our commitment to responsibly manage the environmental impact of our business. In the majority of our locations, we do not purchase utilities or services ourselves, so we continue to work with our clients to improve the quality of environmental impact data and look for ways to improve.

Carbon footprint

Related UN Sustainable Development Goals

Our commitment

We work to reduce the carbon footprint of our business, improving the energy efficiency of our operations and reducing the carbon intensity of our menus through more plant-based meals.

Our progress

In recent years, we have had an active programme in place to establish a culture of good energy management within our units, focusing on embedding behavioural change and technological changes to improve energy efficiency and thereby reduce the GHG emissions from our operations. Changes have included the installation of LED lighting and mini building management controls, such as 'last man out' switches and temperature controls. These initiatives have been rolled out across UK and key European markets. This year, we completed a mini LED project at a select number of UK M&S units, with the changes expected to deliver year-on-year energy savings of over 14%. Energy efficiency is also a key consideration in our capital projects investments as we look to introduce new equipment that saves on both energy and maintenance. Our total energy consumption this year was 285,176,022 kWh, which represented a decrease of 18.5% compared to 2019 levels (349,945,716 kWh), and was primarily due to the fact that so many of our units had to be closed for part of the year.

We continue to closely monitor the greenhouse gas emissions associated with our operations, and this data is reported in the table on the next page. We have seen a significant reduction in overall GHG emissions this year; however, our measure of intensity (emissions per £ sales) is up 27% year-on-year. This increase is due to the fact that, although many of our units were closed, there was still a requirement for certain services or equipment to remain on, for example, security lighting, alarms, and refrigerators, which meant that a low level of energy was still used during this period. In the years ahead, we will resume our work to reduce the greenhouse gas intensity of our operations.

In addition to this, we also recognise the impact that meat production has on global GHG emissions, and we are committed to playing our part in addressing this issue through the promotion of more plant-based menu options within our ranges. We know that many of our customers are also looking for more meat-free options on our menus, recognising that this can have both health and environmental benefits. In recent years, we have responded to this trend with the introduction of a wider range of vegetarian and vegan options across many of our brands and markets. Many of our ranges have been reduced to respond to trading conditions during the Covid-19 pandemic, which has had an impact on the level of choice available, but, as we expand our ranges again, plant-based options will be a key factor in our new range development.

CORPORATE RESPONSIBILITY REPORT CONTINUED

Global greenhouse gas emissions data

	2019 Tonnes of CO_2e	2020 Tonnes of CO_2e
Scope 1 emissions		
Combustion of fuel and operation of facilities	11,313	**6,406**
Scope 2 emissions		
Electricity, heat, steam and cooling purchased for own use	102,132	**71,552**
Total	113,445	**77,958**

Intensity measurement		
Total emissions reported above normalised grams per £ of turnover	42.45 grams/£	**53.85 grams/£**

Scope and methodology

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and 2018. These sources fall within the scope of our consolidated financial statements. This data covers the continuing activities undertaken by our retailing operations worldwide.

The methodology applied to data gathering and analysis is consistent with the SECR (replacing guidance on Mandatory Greenhouse Gas Reporting (MGHG)) for Scope 1 and Scope 2 emissions and the DEFRA Environmental Reporting Guidelines. This submission meets minimum requirements relating to gas, electricity, and transport fuel as well as providing an intensity ratio and information relating to energy efficiency action.

A full documentation of the methodology used, including collection of data from worldwide operations, exclusions of any non-material emission sources, emission factors used and assumptions made is available upon request.

Food waste

Related UN Sustainable Development Goals

Our commitment

We are cutting food waste at all stages of our business, and, wherever possible, working to develop channels to ensure unsold food is donated to those who need it.

Our progress

We work to reduce food waste wherever we can within our operations. Country management teams have targets around food waste reduction, with performance tracked at unit, country and Group level. Waste has been a particular focus over the last six months as our teams have had to adapt their operations in response to the Covid-19 crisis. Waste has been reduced by moving any perishable or unsold ingredients and products from closed units and designing menus and ranges carefully to minimise unsold food waste.

One way in which we are looking to reduce unsold food is through partnerships with food markdown schemes, such as Too Good To Go and Karma. These apps let customers know when food is available to be purchased at reduced prices, so that they can come in before closing and take a 'mystery' bag of food, which is going out of date that day. We have been using these schemes across France, Norway, Denmark and Germany and will look for further opportunities to extend into the UK and other European markets.

Many of our country teams have partnerships with local charities so that we can offer them donations of any foods which is unsold at the end of the day. During the Covid-19 crisis these donations have been more important than ever and our country teams have made great efforts to reach out to those in need in their local communities and donate what surplus food products they could.

Our team at Le Train Bleu prepared food for those in need

Donating surplus food during the pandemic

During the pandemic, our global teams have been quick to reach out to local charities to ensure that any surplus ingredients or food products were donated to people in need. Our team at Le Train Bleu in Gare de Lyon, Paris, teamed up with Restos du Coeur, a French charity, which distributes food packages. Colleagues volunteered their time and were able to use Le Train Bleu's kitchen to produce meals for homeless people and others in need. Between 15 May and 25 June 2020, Le Train Bleu prepared between 700 and 900 meals per day.

SSP Spain donated food to the Red Cross and other small, local NGOs. This comprised an incredible 990 kg of fresh vegetables, 670 kg of fresh fruit, 625 eggs, 835 yoghurts and nearly 135,000 pairs of gloves.

The SSP team at Ottawa airport teamed up with their local FOOD SHARE outlet, which serves nearby Dundas and Mormont counties, supporting those left without work or living on reduced wages. The team donated around 300kg of fresh fruits and vegetables and enough eggs, yogurt, juice and fruit to serve more than 300 people. Meanwhile, at Seattle-Tacoma airport, we helped store food for a local food bank in our commissary throughout the month of April, as the charity was unable to accommodate all the donations in their own facility.

Single use plastic

Our commitment

We are replacing single-use plastic wherever we can in favour of more environmentally-responsible alternatives.

Our progress

We know that single-use plastic is a major global environmental issue and a key concern for our stakeholders. We are committed to moving away from single-use plastic packaging wherever viable. All of our markets globally have been tasked with developing a plan to do this, starting with the removal of plastic straws and cutlery, identifying alternative, more sustainable packaging materials, and also providing incentives for our customers to use more reusable packaging, for example, through the sale of reusable coffee cups and discounts for customers who bring their own cups. In the majority of our European markets, plastic cutlery, stirrers and straws have been replaced. Our European teams have also made good progress towards replacing PET salad containers, tumblers and similar items with those made from recycled PET, which can itself be recycled after use.

In many markets, the Covid-19 pandemic has necessitated a temporary move to use more single-use packaging as customers and clients require more takeaway and disposable products. We are however committed to improving the sustainability of our packaging and will continue to focus on this area as Covid restrictions lift.

Simon Smith
Chief Executive Officer

16 December 2020

NON-FINANCIAL INFORMATION STATEMENT

In accordance with the requirements of section 414CB of the Companies Act 2006, the below table sets out where stakeholders can find information relating to non-financial matters. Further information on some of these areas can be found on our website (https://www.foodtravelexperts.com/international/).

	Some of SSP's relevant policies	Principal risks relating to these matters (pages 35 to 41)	Where to find out more about SSP's approach to these matters	
Environmental matters (including the impact of the Company's business on the environment)	• Environmental Policy • Supplier Code of Conduct and Human Rights Policy • Responsible Sourcing Policy • Farm Animal Welfare Policy • Whistleblowing Policy	3. Business environment and geopolitical uncertainty 11. Benefits realisation from efficiency programmes	Chairman's statement – Corporate responsibility CEO's statement – Corporate responsibility Our Stakeholders Corporate Responsibility Report – What we serve Corporate Responsibility Report – Protecting our planet Financial review Risk Management and Principal Risks	**See page 2** **See page 3** **See page 10** **See page 16** **See page 17** **See page 21** **See pages 33-41**
Employees	• Colleague Code of Conduct • Equality Policy • Global Safety Standards • Whistleblowing Policy	6. Senior management capability and retention 9. Labour laws and unionisation	Chairman's statement – Corporate responsibility CEO's statement – Our people Our Marketplace – People and communities Our Stakeholders – Our colleagues S172(1) Statement Corporate Responsibility Report – People and communities Corporate Responsibility Report – Safety Risk Management and Principal Risks	**See page 2** **See page 3** **See page 5** **See page 10** **See page 11** **See pages 13-15** **See page 17** **See pages 33-41**
Social matters	• Community Engagement Policy	4. Retention of existing client relationships 6. Senior management capability and retention 7. Regulatory compliance 8. Food safety and product compliance 12. Changing client behaviours	Chairman's statement – Corporate responsibility Our Marketplace – People and communities Our Stakeholders S172(1) Statement Corporate Responsibility Report – People and communities Corporate Responsibility Report – What we serve Risk Management and Principal Risks	**See page 2** **See page 5** **See page 10** **See page 11** **See pages 13-15** **See pages 16-19** **See pages 33-41**
Respect for human rights	• Equality Policy • Supplier Code of Conduct and Human Rights Policy • Modern Slavery Statement • Whistleblowing Policy	7. Regulatory compliance 9. Labour laws and unionisation	Corporate Responsibility Report – People and communities Risk Management and Principal Risks	**See pages 13-15** **See pages 33-41**
Anti-corruption and anti-bribery and prevention of facilitation of tax evasion matters	• Code of Conduct • Anti-Bribery and Anti-Corruption Policy • Whistleblowing Policy • Prevention of facilitation of Tax Evasion Policy	7. Regulatory compliance	Corporate Responsibility Report – People and communities Risk Management and Principal Risks	**See pages 13-15** **See pages 33-41**
Business model			Our Business Model Our Strategic Priorities Risk Management and Principal Risks	**See pages 6-7** **See pages 8-9** **See pages 33-41**
Non-financial KPIs		3. Business environment and geopolitical uncertainty 8. Food safety and product compliance 9. Labour laws and unionisation	Corporate Responsibility Report – Employees by gender Corporate Responsibility Report – What we serve Corporate Responsibility Report – Protecting our planet Risk Management and Principal Risks	**See pages 13-15** **See page 16** **See page 17** **See pages 33-41**
Principal risks			Risk Management and Principal Risks	**See pages 33-41**

FINANCIAL REVIEW

We have responded rapidly to the pandemic, raising additional liquidity and managing cash flow very effectively.

Jonathan Davies
Chief Financial Officer

	IFRS 16 2020 £m	Pro forma IAS 17[1] 2020 £m	IAS 17 2019 £m	IAS 17 change		
				Reported	Constant currency	LFL
Revenue	**1,433.1**	**1,433.1**	2,794.6	(48.7)%	(47.9)%	(50.8)%
Underlying operating (loss)/profit	**(315.4)**	**(211.7)**	221.1	(195.7)%	(195.7)%	
Operating (loss)/profit	**(363.9)**	**N/A**	219.2	N/A		

[1] Amounts are stated on a pro forma underlying IAS 17 basis, further detail is provided on pages 31-32.

Group performance

Revenue decreased by 47.9% on a constant currency basis, comprising a like-for-like sales reduction of 50.8% offset by net contract gains of 2.9%. At actual exchange rates, total revenue fell by 48.7%, to £1,433.1m.

The Group's strong sales performance during the early part of the year has been overshadowed by the very severe impact of Covid-19. Prior to seeing the initial impact from the virus in China towards the end of January, we had enjoyed a good start to the financial year, with like-for-like sales growth of 1.2% during the first quarter, in line with our expectations, despite a number of external headwinds, including the impact of the Boeing Max 737 groundings, the slowdown in Chinese passenger numbers, the failure of Jet Airways in India and the transport sector strikes in France.

In the second quarter, like-for-like sales decreased by 18.5%, with the Group's performance impacted significantly by the development of Covid-19. We began to see a material impact on trading in our Asia Pacific region (which accounted for around 8% of group sales) from the escalation of the virus during late January and throughout February. Trading then deteriorated rapidly across the entire group during March as the impact of the pandemic spread across the world. By the final few days of March, as lockdowns and travel restrictions were implemented around the world, like-for-like sales had decreased by over 90% across all regions.

During the third quarter, with the global lockdowns continuing, like-for-sales in April and May were approximately 95% below last year, improving slightly to 90% lower in June. Helped by a limited return of some short haul air travel over the summer holiday period, the fourth quarter saw a further gradual improvement in like-for-like sales, which were around 80% lower than the prior year.

Prior to the onset of Covid-19, the Group had also made good progress in delivering additional sales growth from net contract gains, particularly in North America and in Continental Europe, reporting net gains of 5.7% for the first half. Furthermore, new openings during the first half of 2020 and those planned for the second half were expected to drive significant further net gains in the remainder of the year, which were expected to be over 6% for the full year, prior to Covid-19. The new openings during the second quarter included outlets in Australia and Germany following the acquisitions of the Red Rock operations in Perth and Melbourne airports and the Station Food rail business in Germany. For the year as a whole, despite the impact of Covid-19, net gains added 2.9% to prior year sales.

Trading results from outside the UK are converted into Sterling at the average exchange rates for the period. The overall impact of the movement of foreign currencies on revenue (principally the Euro, US Dollar and pegged currencies, Norwegian Krone, Swedish Krona and Indian Rupee) during 2020 compared to the 2019 average was a reduction of 0.8%. However, this is solely a translation impact.

FINANCIAL REVIEW CONTINUED

Underlying operating loss

The underlying operating loss for the year was £315.4m. On a pro forma IAS 17 basis, the Group reported an underlying operating loss of £211.7m, compared to an equivalent profit of £221.1m in the prior year.

For the first half year, we estimated that the loss of sales as a result of the rapid spread of Covid-19 was approximately £147m (compared to our pre-Covid forecasts), and that this impacted operating profit by around £65m. The relatively high drop through on the sales lost due to Covid-19 in this period reflected the extreme speed with which travel restrictions impacted our markets during March, limiting our ability to reduce operating costs, particularly labour costs, at very short notice and prior to the commencement of government furlough support schemes, while we also suffered the impact of stock write-offs as a result of the rapid closure of most of our outlets late in the month.

For the second half year, the devastating and prolonged impact of Covid-19 on our travel markets resulted in a much more significant loss of sales, estimated at approximately £1,435m (down 86% year-on-year) compared to our internal pre-Covid forecast for the period. The equivalent impact on second half underlying operating profit on a pro forma IAS 17 basis, was approximately £377m, a profit conversion of around 26% on the reduction in sales. This lower profit conversion on the lost sales compared to March reflected the speed with which we were able to reduce our operating costs during the "hibernation" period in April and May, when around 90% of our units were closed, and the systematic approach applied in re-opening our outlets during the summer, in particular the selective opening of units in multi-unit locations, ensuring that we were able to trade profitably even at lower levels of footfall. Our focus throughout this challenging period has been on maximising sales per passenger and ensuring that any units re-opened were making a positive contribution to cash profit. Looking forward, sales in the first quarter of the new financial year are expected to remain at similar levels to that seen in the final quarter of the year, approximately 80% lower year-on-year, and we are planning on the basis that sales will remain at similar levels during the second quarter. As a consequence, we expect the profit conversion on the lost sales to remain in the region of 25%, reflecting the actions taken to reduce our operating costs as well as continued government furlough support, which has been extended throughout the first half in many markets.

Operating loss

On a reported basis, the operating loss was £363.9m, reflecting an adjustment for the non-underlying operating items of £48.5m as detailed on page 31 and described further below.

Non-underlying operating items

Items which are not considered reflective of the normal trading performance of the business, and are exceptional because of their size, nature or incidence, are treated as non-underlying operating items and disclosed separately. In addition to a recurring adjustment for the amortisation of acquisition-related intangible assets of £1.9m (2019 £1.9m), the non-underlying operating loss this year includes items specifically relating to the impact of Covid-19 on the business amounting to £46.6m.

The non-underlying operating items that have arisen as a direct consequence of Covid-19 are summarised below:

- Impairment of goodwill: as a result of past acquisitions, and in particular the acquisition of the SSP business by EQT in 2006, the Group holds a significant amount of goodwill on its consolidated balance sheet. This is allocated on a country level and tested annually for impairment by comparing the value held by each country with the net present value of its expected future cash flows. As a result of Covid-19, goodwill impairments totalling £33.0m were identified, comprising write downs in Switzerland, Germany and Singapore. Further details are provided in note 13 on page 124.
- Impairment of property, plant and equipment and right of use assets: the impact of Covid-19 on the Group's operations is expected to continue during the current year and beyond. As a result, the Group has carried out a review for potential impairment across the entire unit portfolio. The impairment review compared the value-in-use of individual cash-generating units, based on management's assumptions regarding future trading performance (taking into account the effect of Covid-19), to the carrying values at 30 September 2020. Following this review, a charge of £76.6m has been recognised, which includes an impairment of right of use assets of £38.2m.
- Accelerated depreciation: As a result of a reassessment of the lease term of certain units, accelerated depreciation of £6.2m has been recorded on fixed assets to align their carrying value to their expected useful economic life based on the revised lease term.
- Restructuring costs: as a result of the impact of Covid-19, the Group has recognised a charge of £22.7m relating to its restructuring programmes carried out across the group during the second half of the year. The charge primarily relates to redundancy costs. It also includes some costs related to the exit from certain contracts, most notably at Sheremetyevo Airport in Russia.
- IFRS 16 rent credit: as part of its response to Covid-19, the Group negotiated rent waivers with clients totalling £91.9m. The Group applied the practical expedient issued by the International Accounting Standards Board as a part of the Amendment to IFRS 16 to record this as a reduction in rent expense and an exceptional item within the Consolidated Income Statement.

Regional performance

The following shows the Group's segmental performance. For full details of our key reporting segments, please refer to note 4 on page 115.

	IFRS 16 2020 £m	Pro forma IAS 17 2020 £m	IAS 17 2019 £m	IAS 17 change Reported	IAS 17 change Constant currency	IAS 17 change LFL
Revenue	**410.1**	**410.1**	840.5	(51.2)%	(51.1)%	(51.2)%
Underlying operating (loss)/profit	**(28.7)**	**(12.4)**	101.8	(112.2)%	(112.1)%	

Note:
Statutory reported operating loss was £39.0m (2019: £100.3m profit) which includes an adjustment for the amortisation of acquisition-related intangible assets of £1.5m (2019: £1.5m). It also includes adjustments for items specifically related to the impact of Covid-19 of £8.8m.

Revenue decreased by 51.1% on a constant currency basis, comprising a like-for-like reduction of 51.2% and net contract gains of 0.1%. At actual exchange rates, revenue declined by 51.2% to £410.1m.

Prior to the impact of Covid-19 in March, like-for-like sales growth had been robust, driven by increasing passenger numbers. However, the significant reduction in passenger numbers during March resulted in overall first half like-for-like sales declining by 5.2%. Net contract gains of 2.1% during the first half included contributions from the three Jamie Oliver outlets at Gatwick airport that we began operating last summer.

During the third quarter, the impact on passenger travel arising from Covid-19 resulted in the closure of almost all of our units in the UK. In the fourth quarter there was a slight recovery in the air sector over the summer holiday season, however the UK Government's quarantine restrictions limited passenger numbers. The rail sector remained weak throughout the second half, although we had begun to see a slow recovery during the fourth quarter, driven by a gradual return in commuter travel as people returned to the office. This recovery, however, was curtailed by further government restrictions announced towards the end of September. Overall UK second half sales fell by 91.8%, comprising a like-for-like sales decrease of 91.6% and net contract losses of 0.2%.

The underlying operating loss for the year for the UK was £28.7m and reported operating loss was £39.0m. Non-underlying operating items comprised an impairment charge of £21.1m, accelerated depreciation of £6.2m, exceptional restructuring costs of £5.9m and an adjustment for the amortisation of acquisition-related intangible assets of £1.5m. These were offset by IFRS 16 rent credits of £24.4m. On a pro forma IAS 17 basis, the underlying operating loss was £12.4m, which compared to an underlying operating profit of £101.8m last year

	IFRS 16 2020 £m	Pro forma IAS 17 2020 £m	IAS 17 2019 £m	IAS 17 change Reported	IAS 17 change Constant currency	IAS 17 change LFL
Revenue	**558.2**	**558.2**	1,036.9	(46.2)%	(44.7)%	(48.2)%
Underlying operating (loss)/profit	**(148.1)**	**(103.2)**	79.3	(230.1)%	(229.5)%	

Note:
Statutory reported operating loss was £193.5m (2019: £78.9m profit) which includes an adjustment for the amortisation of acquisition related intangible assets of £0.4m (2019: £0.4m). It also includes adjustments for items specifically related to the impact of Covid-19 of £45.0m.

Revenue decreased by 44.7% on a constant currency basis, comprising a like-for-like reduction of 48.2% and net contract gains of 3.5%. At actual exchange rates, revenue declined by 46.2% to £558.2m.

During the first half, revenue decreased by 3.2% on a constant currency basis, comprising a like-for-like reduction of 10.7% and net contract gains of 7.5%. The impact of Covid-19 on first half like-for-like sales was more significant in this region than in either the UK or North America, with a number of countries in Continental Europe announcing that they were closing borders and restricting travel in early March following the outbreak in Italy towards the end of February. Prior to the impact of Covid-19, like-for-like sales had been in line with our expectations, albeit with a continuation of some of the headwinds from the second half of last year, including the national strikes in France during December and January and the impact of major redevelopments in a number of airports, including Copenhagen, Malaga and Las Palmas.

Net contract gains during the first half remained very strong, driven by new outlets opened last year at Montparnasse Railway station and in the new motorway service areas in Germany, as well as the Starbucks units in railway stations across the Netherlands. They also included the impact of the acquisition of the Station Food rail business in Germany at the end of February.

As was the case in the other regions, like-for-like sales remained at very low levels during the third quarter, with the majority of our units closed across this period. However the fourth quarter saw a stronger recovery in Continental Europe compared to the rest of the Group, with weekly sales approximately 66% lower year-on-year, compared with the UK, North America and the Rest of the World, where weekly sales remained around 80-85% lower year-on-year. This was helped by the limited return of some short haul air travel over the summer holiday period, by a stronger recovery in rail passengers numbers in Germany and France compared to the UK, with more people returning to their normal workplaces, and by the motorway business in Germany and France which, in line with government requirements, remained open throughout the crisis. Overall Continental Europe second half sales fell by 77.1%, comprising a like-for-like sales decrease of 77.6% and net contract gains of 0.5%.

FINANCIAL REVIEW CONTINUED

The underlying operating loss for Continental Europe was £148.1m and reported operating loss was £193.5m. Non-underlying operating items comprised an impairment charge of £62.2m, exceptional restructuring costs of £8.3m and an adjustment for the amortisation of acquisition-related intangible assets of £0.4m. These were offset by an IFRS 16 concession credit of £25.5m.

On a pro forma IAS 17 basis, the underlying operating loss was £103.2m, which compared to an underlying operating profit of £79.3m last year. The overall impact from Covid-19 in this region during the first half was much more significant than in others, partly due to the earlier imposition of travel restrictions compared to the UK and North America, but also as a result of the longer lead times required to reduce labour costs in response to a rapid reduction in sales. Prior to the impact of Covid-19, operating profit for the region had already been impacted by transport strikes in France throughout December and January, the ongoing impact of the airport redevelopments in Denmark and Spain, and significant pre-opening and integration costs from new contracts and the acquisition of the Station Food business in Germany.

	IFRS 16 2020 £m	Pro forma IAS 17 2020 £m	IAS 17 2019 £m	IAS 17 change Reported	Constant currency	LFL
Revenue	**274.9**	**274.9**	533.4	(48.5)%	(47.9)%	(53.1)%
Underlying operating (loss)/profit	**(55.4)**	**(43.7)**	41.9	(204.3)%	(204.6)%	

Note:
Statutory reported operating loss was £63.3m (2019: £41.9m profit) which includes adjustments for items specifically related to the impact of Covid-19 of £7.9m.

Revenue decreased by 47.9% on a constant currency basis, comprising a like-for-like decrease of 53.1% offset by net contract gains of 5.2%. At actual exchange rates, revenue declined by 48.5% to £274.9m.

Prior to the impact of Covid-19, like-for-like sales growth had been robust, benefiting from positive trends in airport passenger numbers in the North American market. However, the significant reduction in passenger numbers during March resulted in overall first half like-for-like sales declining by 6.5%. Net gains of 10.5% during the first half were driven by new openings in Ottawa, Seattle, Oakland and LaGuardia Airports.

Following the lockdowns during the third quarter, domestic air travel began to recover in many states over the summer, although international travel remained largely closed. Overall, second half sales fell by 90.2%, comprising a like-for-like sales decrease of 91.5% and net contract gains of 1.3%.

The underlying operating loss for North America was £55.4m and reported operating loss was £63.3m. Non-underlying operating items comprised an impairment charge of £19.1m and exceptional restructuring costs of £2.1m, offset by IFRS 16 concession credits of £13.4m. On a pro forma IAS 17 basis, the underlying operating loss was £43.7m, which compared to an underlying operating profit of £41.9m last year.

	IFRS 16 2020 £m	Pro forma IAS 17 2020 £m	IAS 17 2019 £m	IAS 17 change Reported	Constant currency	LFL
Revenue	**189.9**	**189.9**	383.8	(50.5)%	(49.9)%	(53.5)%
Underlying operating (loss)/profit	**(55.6)**	**(24.8)**	35.9	(169.1)%	(170.8)%	

Note:
Statutory reported operating loss was £37.3m (2019: £35.9m profit) which includes adjustments for items specifically related to the impact of Covid-19 of £18.3m.

Revenue decreased by 49.9% on a constant currency basis, comprising a like-for-like fall of 53.5% offset by net contract gains of 3.6%. At actual exchange rates, revenue declined by 50.5% to £189.9m.

The impact of Covid-19 on first half like-for-like sales was more significant in the Rest of the World region than in the others, falling by 12.3%, reflecting the earlier escalation of the virus in China and across the Asia Pacific region from late January. Prior to the impact of Covid-19, like-for-like sales growth in the Rest of the World had been steady, benefiting from an improving trend in India but impacted by the ongoing political disruption in Hong Kong.

First half net gains included sales from new outlets in Cebu Airport in the Philippines and in Bangalore Airport in India, as well from the acquisition of the Red Rock operations in Perth and Melbourne airports in Australia.

During the second half, whilst domestic air passenger levels had recovered strongly in China by the fourth quarter and were improving in Thailand and India, international traffic remained low across the region. Overall, second half sales fell by 90.2%, comprising a like-for-like sales decrease of 91.3% and net contract gains of 1.1%.

The underlying operating loss for the Rest of the World was £55.6m and reported operating loss was £37.3m. Non-underlying operating items comprised an impairment charge of £7.2m and exceptional restructuring costs of £3.2m, offset by an IFRS 16 concession credit of £28.6m. On a pro forma IAS 17 basis, the underlying operating loss was £24.8m, which compared to an underlying operating profit of £35.9m last year.

Share of loss of associates

The Group's share of losses from associates was £2.4m. On a pro forma IAS 17 basis, the Group's share of losses from associates was £1.7m (2019: £4.1m profit), the year-on-year reduction reflecting the impact of Covid-19 on our associate investments around the world.

Net finance costs

The underlying net finance expense was £54.0m including interest on lease liabilities of £27.8m. Reported net finance expense was £59.5m, including an adjustment of £5.4m relating to non-cash interest charges arising from the adoption of the debt modification rules under IFRS 9. On a pro forma IAS 17 basis, underlying net finance costs increased year-on-year to £26.2m (2019: £22.0m), primarily due to the higher net debt compared to the prior year.

Taxation

The Group's underlying tax credit for the year was £23.7m (2019: £45.1m charge), representing an effective tax rate of 6.4% (2019: 22.2%) of underlying loss (2019: profit) before tax. On a reported basis, the tax credit for the period was £28.1m (2019: £43.7m charge).

On a pro forma IAS 17 basis, the Group's underlying tax credit was £6.3m (2019: £45.1m charge), equivalent to an effective tax rate of 2.6% (2019: 22.2%) of the underlying loss (2019: profit) before tax.

The Group's tax rate is sensitive to the geographic mix of profits and losses and reflects a combination of higher rates in certain jurisdictions, as well as the impact of losses in some countries for which no deferred tax asset is recognised. The change in the tax rate for the current year compared to historical rates of around 22% is due to the impact of Covid-19 which has led to a significant change in the Group's geographic mix of profits and losses compared to prior years.

Non-controlling interests

The loss attributable to non-controlling interests was £22.7m. On a pro forma IAS 17 basis the loss attributable to non-controlling interests was £9.6m (2019: £26.6m profit), with the year on year change largely reflecting the impact of Covid-19 on our partly-owned operations in North America and in the Rest of the World.

Earnings/(loss) per share

The Group's underlying loss per share was 68.0 pence per share, and its reported loss per share was 76.1 pence per share. On a pro forma IAS 17 basis the underlying loss per share was 45.4 pence per share (2019: 29.1 pence earnings per share).

Dividends

There was no interim dividend declared during the financial year 2020 (2019: £25.8m). Additionally, the Directors will not be recommending a financial year 2020 final dividend (2019: £26.8m) which will result in no ordinary dividends for the year (2019: £52.6m). Looking forward, the Group will continue to be restricted from declaring or paying dividends until the expiry of certain restrictions that apply under the amended debt arrangements with the Group's lending group of banks and US private placement note holders. When these restrictions are lifted and conditions improve, the Board will consider the best way to restart returning capital to shareholders.

Free Cash flow

The table below presents a summary of the Group's free cash flow during the year:

	2020 £m	2019 £m
Underlying operating (loss)/profit[1]	**(211.7)**	221.1
Depreciation and amortisation	**113.5**	105.3
Exceptional restructuring costs[3]	**(22.7)**	–
Working capital	**(67.6)**	3.7
Net tax	**(11.0)**	(37.1)
Other	**2.0**	8.2
Net cash flow from operations	**(197.5)**	301.2
Capital expenditure[2]	**(134.5)**	(185.0)
Acquisition of subsidiaries, adjusted for net debt acquired	**(26.5)**	(25.8)
Net dividends to non-controlling interests and from associates	**(16.8)**	(22.5)
Net finance costs	**(19.6)**	(17.4)
Free cash flow	**(394.9)**	50.5

1 Presented on an underlying pro forma IAS 17 basis (refer to page 31 for details).

2 Capital expenditure is net of capital contributions from non-controlling interests of £3.1m (2019: £9.0m).

3 Refer to the APMs section on pages 31-32 for further details.

FINANCIAL REVIEW CONTINUED

The Group's net cash outflow during the year from operations was £197.5m, compared to a £301.2m net cash inflow last year. The principal driver of this significant year on year change was the underlying operating loss of £211.7m, compared with a profit of £221.1m in the prior year, reflecting the impact of Covid-19 as described earlier. Furthermore, the exceptional restructuring costs of £22.7m were all incurred as a direct consequence of the pandemic, primarily reflecting the costs of redundancy programmes carried out across the Group during the second half of the year.

The working capital outflow was £67.6m compared to a small cash inflow of £3.7m in the prior year. This cash outflow was primarily driven by the extreme reduction in average daily sales following Covid-19. Nevertheless, this was a significantly better working capital out-turn than anticipated at our interim results in June, driven by very tight management of working capital which has continued since the escalation of the virus in March. Throughout this period, the Group has worked hard to manage its payments, agreeing rent waivers and deferrals with many of our clients and taking advantage of government-approved payment deferral schemes around the world, particularly in relation to payroll taxes and VAT.

Corporation tax payments were materially lower year-on-year at £11.0m (2019: £37.1m), the reduction reflecting considerably lower payments on account (of tax due for the current year) compared to 2019. Indeed, during the second half we saw a net recovery of corporation tax (an inflow of £9.1m) as we successfully applied for and received corporation tax repayments across a number of countries.

Capital expenditure was £134.5m, a reduction of £50.5m compared to the prior year. Following the Covid-19 escalation, we placed our capital programme on hold pending a recovery in the travel sector and we were able to reduce our second half expenditure to £15.0m, in line with our indications at the interim results in June. For the year ahead, we anticipate a further significant year on year reduction as we continue to work with our clients to defer capital programmes until passenger numbers and sales show material signs of recovery.

Acquisitions of £26.5m primarily reflected the purchases of the Red Rock operations in Perth and Melbourne airports in Australia and of the Station Food rail business in Germany during the first half. Net cash outflows to non-controlling interests and from associates amounted to £16.8m, nearly all of which was incurred during the first half year prior to the onset of Covid-19.

Net finance costs paid of £19.6m were £2.2m higher than the prior year, mainly reflecting increased average levels of net debt and related financing costs.

Net debt

Overall net debt increased by £208.6m to £692.0m on a pro forma IAS 17 basis, with the significant free cash outflow in the year of £394.9m offset by the £208.6m equity issuance (net of related fees) in late March. We were also able to retain some of the cash related to the payment of £26.8m in respect of the final 2019 dividend (declared and approved at the AGM in February 2020) through a further small equity placing, retail offer and subscription raising net proceeds of £10.8m in June, as we gave investors the opportunity to reinvest the proceeds of that dividend payment into new SSP shares. To further preserve liquidity for the Group as the impact of Covid-19 became apparent, we suspended our previously announced share buyback programme having only incurred £1.7m on the purchase of shares.

The table below highlights the movements in net debt in the year on a pro forma IAS 17 basis. Note that the Group adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition which means that the prior year balances including net debt have not been restated.

	£m
Net debt excluding lease liabilities at 1 October 2019 (IAS 17 basis)	(483.4)
Underlying free cash flow	(394.9)
March 2020 equity issue (net of fees paid)	208.6
June 2020 equity issue (net of fees paid)	10.8
Dividend paid	(26.8)
Share buyback	(1.7)
Impact of foreign exchange rates	(2.0)
Other	(2.6)
Net debt excluding lease liabilities at 30 September 2020 (IAS 17 basis)	**(692.0)**
Lease liabilities	(1,349.3)
Other	0.7
Net debt including lease liabilities at 30 September 2020 (IFRS 16 basis)	**(2,040.6)**

As noted above, the Group adopted IFRS 16 on 1 October 2019 and as a result now recognises lease liabilities, which are initially based on the present value of the future payments required under each lease discounted at the incremental borrowing rate. The movement in the lease liabilities from the transition date of 1 October 2019 to 30 September 2020 was as follows:

	Year ended 30 September 2020 £m
Beginning of the period	–
Lease liabilities on transition	(1,464.4)
Acquisitions	(24.1)
Additions	(266.4)
Interest charge in the period	(27.8)
Payment of lease liabilities	200.4
Remeasurement adjustments	227.2
Currency translation	5.8
End of the period	**(1,349.3)**

Actions taken to strengthen liquidity and to secure covenant waivers

Since the onset of Covid-19, we have taken decisive action to protect cash, minimise costs and raise additional liquidity to allow us to operate throughout even our most pessimistic trading scenario. This action to increase liquidity included a £209m (net of related fees) equity placing and share subscription in late March 2020, followed shortly afterwards by securing access to the Bank of England's Covid Corporate Financing Facility (CCFF), under which facility we were permitted to draw up to £300m. In addition, the Group also secured access to a number of additional smaller liquidity lines, including government-backed facilities in France, Spain and Switzerland, providing a further £44m.

As well as raising this additional funding, we have taken a number of further steps to protect liquidity. At the current very low levels of sales, the current monthly cash burn of approximately £25-30m reflects the many management actions taken to minimise operating costs, as already described. Furthermore, we have also taken action to defer all non-essential capital expenditure, to agree rent waivers and deferrals with our clients, to suspend our previously announced share buyback programme and to negotiate with our lending banks a two year deferral of term loan amortisation payments, amounting to approximately £63m, which were due to be paid in July 2020 and July 2021. The Board has also announced that the Company will not pay a dividend in respect of the current financial year.

At the end of the year, the Group had approximately £520m of available liquidity, including cash of £185m and committed undrawn revolving credit facilities of £150m, as well as a further £175m available to be drawn down under the CCFF. The £150m revolving credit facility is committed until July 2022, while the Bank of England has confirmed that the Group can draw down the maximum £300m available to it under the CCFF for a period extending through to February 2022.

Taking into account the current level of cash and available facilities and the monthly cash burn as described above, we are confident that we have sufficient liquidity to operate even through a prolonged crisis and a slow recovery. Nevertheless, notwithstanding the recent positive news on the development of potential vaccines, we recognise that the pace of the anticipated recovery in our markets remains uncertain, and as such there may be a requirement to raise additional liquidity prior to the repayment of the CCFF in early 2022.

In addition to the action taken in the Spring to strengthen liquidity, the Group secured an agreement in May 2020 from SSP's lending group of banks and its US private placement note holders to waive existing financial covenants, testing both interest cover and leverage, for the two testing periods covering the twelve months to 30 September 2020 and 31 March 2021. They agreed that these existing covenants would be replaced between the date of the agreement and 30 September 2021 by two new covenants, each tested monthly, with the first of these based on the Group demonstrating a minimum level of liquidity and the second based on the Group not exceeding a maximum level of net debt. For the testing period ending 30 September 2021 both the existing and new covenants would be relevant, with the Group returning to the existing covenants thereafter, once compliance with the existing covenants has been confirmed.

In order to provide the maximum financial flexibility for the Group through this exceptionally challenging period, we have now agreed further covenant waivers and amendments covering the period up to March 2022. As was the case with the covenant amendments agreed in May, the existing financial covenant testing leverage has been waived, until reinstated in March 2022, with the two temporary, monthly-tested new covenants on minimum liquidity and maximum net debt introduced for a further six months from October 2021. For the testing period ending 31 March 2022 both the existing and new covenants would be relevant, with the Group returning to the existing covenants thereafter, once compliance with the existing covenants has been confirmed. In addition, we have agreed to an additional new covenant, testing minimum EBITDA thresholds for the six months ending 30 September 2021 and 31 December 2021. Modified interest cover tests (calculated on a last six months basis) will also be applied at these two testing dates. All of these new covenant thresholds have been based on our most pessimistic trading scenario, which is described in more detail alongside the Board's considerations in adopting the going concern basis of accounting in note 1.2 on pages 106-107.

Impact of IFRS 16 'Leases'

As stated above, the Group adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition which means that the prior year balances have not been restated. The new standard requires that the Group's leased assets are recorded as right-of-use assets together with their corresponding lease liabilities. Interest expense is recognised on the lease liability and the right-of-use assets are required to be depreciated on a straight-line basis over the lease term.

FINANCIAL REVIEW CONTINUED

Income Statement impact

The impact of the implementation of IFRS 16 on the Income Statement for the year ended 30 September 2020 is as follows:

	Year ended 30 September 2020 IAS 17 £m	IFRS 16 adjustment £m	Year ended 30 September 2020 IFRS 16 £m
Revenue	1,433.1	–	1,433.1
Underlying operating (loss)/profit	(211.7)	(103.7)	(315.4)
Share of loss from associates	(1.7)	(0.7)	(2.4)
Finance income	2.5	–	2.5
Finance expense	(28.7)	(27.8)	(56.5)
Underlying loss before tax[1]	(239.6)	(132.2)	(371.8)

[1] Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 31-32.

Balance Sheet impact

The impact of the implementation of IFRS 16 on the Balance Sheet as at 30 September 2020 is as follows:

	As at 30 September 2020 IAS 17 £m	IFRS 16 adjustment £m	As at 30 September 2020 IFRS 16 £m
Non-current assets			
Right-of-use assets	–	1.271.2	1,271.2
Other non-current assets	1,294.9	9.3	1,304.2
	1,294.9	1,280.5	2,575.4
Current assets			
Trade and other receivables	132.4	(7.1)	125.3
Other current assets	216.7	1.9	218.6
	349.1	(5.2)	343.9
Total assets	1,644.0	1,275.3	2,919.3
Current liabilities			
Lease liabilities	–	(289.1)	(289.1)
Other current liabilities	(596.3)	5.9	(590.4)
	(596.3)	(283.2)	(879.5)
Non-current liabilities			
Lease liabilities	–	(1,060.2)	(1,060.2)
Other non-current liabilities	(779.1)	1.5	(777.6)
	(779.1)	(1,058.7)	(1,837.8)
Total liabilities	(1,375.4)	(1,341.9)	(2,717.3)
Net assets	268.6	(66.6)	202.0
Total equity	268.6	(66.6)	202.0

Cash flow impact

There is no net impact on cash flows, however, there has been a change in classification of cash flows whereby an increase in net cash inflows from operating activities has been offset by a decrease in net cash flows from financing activities.

	Year ended 30 September 2020 IAS 17 £m	IFRS 16 adjustment £m	Year ended 30 September 2020 IFRS 16 £m
Net cash flows from operating activities	(197.5)	199.9	2.4
Net cash flows from investing activities	(153.1)	–	(153.1)
Net cash flows from financing activities	307.5	(199.9)	107.6
	(43.1)	–	(43.1)

Further information on the impact of adoption of IFRS 16 can be found in note 1.

Principal risks

Two new principal risks facing the Group have been added since last year regarding liquidity and funding and the impact of Covid-19. The impact of these risks has been discussed above.

The Company's principal risks, together with the Group's risk management process, are detailed on pages 33 to 41, and relate to the following areas: the two new risks noted above, business environment and geopolitical uncertainty; retention of existing contracts; impact of Brexit; senior management capability and retention; regulatory compliance; food safety and product compliance; labour laws and unionisation; information security and stability; benefits realisation from efficiency programmes; changing client behaviours; outsourcing programmes; tax strategy; maintenance and development of brand portfolio; and expansion into new markets.

Post balance sheet events

In December 2020, SSP Financing Limited secured an agreement from its lending group of banks and US private placement note holders to waive the net debt cover financial covenant for the testing period covering the twelve months to 30 September 2021. Please refer to the going concern section in note 1.2 on pages 106-107 for further details.

Alternative Performance Measures

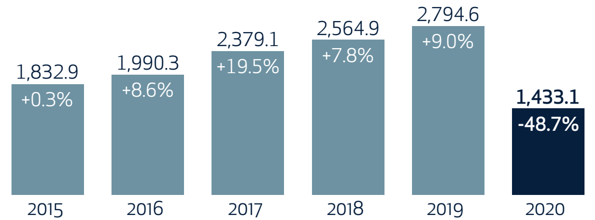
The Directors use alternative performance measures for analysis as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' performance measures and are not intended to be a substitute for IFRS measures. Further detail is provided on pages 31-32.

KEY PERFORMANCE INDICATORS

Our strategic priorities based on our five lever framework are:

1 Optimising our offer to benefit from the positive trends in our markets and driving profitable LFL sales; 2 Growing profitable new space; 3 Optimising gross margins and leveraging scale benefits; 4 Running an efficient and effective business; and 5 Optimising investment using best practice and shared resources.

Revenue (actual currency – £m)

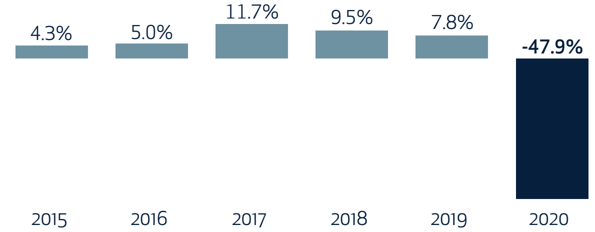


Strategic priorities 1 2

Definition – Revenue represents amounts for catering and retail goods and services sold to customers excluding value added tax and similar items.

Comment – Total revenue decreased by 48.7% to £1,433.1m (at actual exchange rates) following the significant impact of Covid-19 on passenger numbers across all of our markets.

Year-on-year revenue movement (constant currency – %)

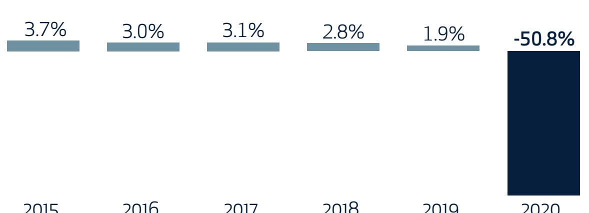


Strategic priorities 1 2

Definition – Revenue at constant currency eliminates the impact of foreign exchange rates on reported revenue. Constant currency is based on average 2019 exchange rates, weighted over the financial year by 2019 results.

Comment – Revenue decreased by 47.9% in 2020 on a constant currency basis, comprising like-for-like fall of 50.8% and net contract gains of 2.9%.The overall impact on revenue of the movement in currencies (principally the Euro, US Dollar, Swedish Krona, Norwegian Krone and Indian Rupee) was -0.8%.

Like-for-like sales (%)



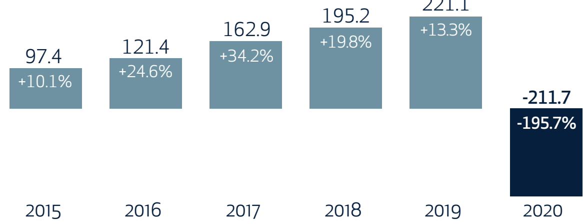
Strategic priorities 1

Definition – Like-for-like sales represent revenues generated in an equivalent period in each financial year in outlets which have been open for a minimum of 12 months. Units temporarily closed as a result of Covid-19 have not been excluded for the purposes of the like-for-like calculation.

Revenue in outlets which have been open for less than 12 months are excluded from like-for-like sales and classified as contract gains. Prior period revenues in respect of closed outlets are excluded from like-for-like sales and classified as contract losses.

Comment – Like-for-like sales fell by 50.8% due to the impact of Covid-19. Following a good first quarter, like-for-like sales were impacted by the spread of the virus across the world, resulting in the effective shut down of the global travel market.

Underlying operating profit/(loss)* (actual currency – £m)



*Stated on a Pro forma IAS 17 underlying basis. Refer to section on Alternative Performance Measures (APMs) on page 31 for further details

Strategic priorities 1 2 3 4

Definition – Pro forma IAS 17 underlying operating profit / (loss) represents revenue less operating costs which exclude a number of items which are not considered reflective of the normal trading performance of the business, and are considered exceptional because of their size, nature or incidence. Refer to note 7 for further details of non-underlying items.

Comment – Pro forma IAS 17 underlying operating loss for the year was £211.7m, a decrease of 195.7% compared to the prior year on both constant currency basis and at actual exchange rates. Statutory operating loss was £363.9m (2019: £219.2m profit), reflecting various non-underlying items totalling £48.5m (2019: £1.9m) which have been discussed further in note 7.

Alternative performance measures

The Directors use alternative performance measures for analysis as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' performance measures and are not intended to be a substitute for IFRS measures.

Revenue growth

As the Group operates in over 30 countries, it is exposed to translation risk on fluctuations in foreign exchange rates, and as such the Group's reported revenue and operating profit will be impacted by movements in actual exchange rates. The Group presents its financial results on a constant currency basis in order to eliminate the effect of foreign exchange rates and to evaluate the underlying performance of the Group's businesses. The table below reconciles reported revenue to constant currency sales growth, like-for-like sales growth, net contract gains/(losses) and the impact of acquisitions where appropriate.

(£m)	UK	Continental Europe	North America	RoW	Total
2020 Revenue at actual rates by segment	410.1	558.2	274.9	189.9	1,433.1
Impact of foreign exchange	0.6	15.5	3.2	2.5	21.8
2020 Revenue at constant currency[1]	**410.7**	**573.7**	**278.1**	**192.4**	**1,454.9**
2019 Revenue at actual rates	**840.5**	**1,036.9**	**533.4**	**383.8**	**2,794.6**
Constant currency sales (fall)/growth	**(51.1)%**	**(44.7)%**	**(47.9)%**	**(49.9)%**	**(47.9)%**
Which is made up of:					
Like-for-like sales growth[2]	(51.2)%	(48.2)%	(53.1)%	(53.5)%	(50.8)%
Net contract gains[3]	0.1%	3.5%	5.2%	3.6%	2.9%
	(51.1)%	**(44.7)%**	**(47.9)%**	**(49.9)%**	**(47.9)%**

[1] Constant currency is based on average 2019 exchange rates weighted over the financial year by 2019 results.
[2] Like-for-like sales represent revenues generated in an equivalent period in each financial period in outlets which have been open for a minimum of 12 months. Units temporarily closed as a result of Covid-19 have not been excluded for the purposes of the like-for-like calculation. Like-for-like sales are presented on a constant currency basis.
[3] Net contract gains represent the net year-on-year revenue impact from new outlets opened and existing units permanently closed in the past 12 months. Net contract gains/(losses) are presented on a constant currency basis.

Underlying profit measures

The Group presents underlying profit/(loss) measures, including operating profit/(loss), profit/(loss) before tax and earnings/(loss) per share, which exclude a number of items which are not considered reflective of the normal trading performance of the business, and are considered exceptional because of their size, nature or incidence. The table below provides a breakdown of the non-underlying items in both the current year and the prior year.

	IFRS 16 2020 £m	IAS 17 2019 £m
Operating costs		
Impairment of goodwill	**(33.0)**	–
Impairment of property, plant and equipment	**(38.4)**	–
Impairment of right-of-use assets	**(38.2)**	–
Depreciation	**(6.2)**	–
IFRS 16 rent credit	**91.9**	–
Restructuring expenses	**(22.7)**	–
Amortisation of intangible assets arising on acquisition	**(1.9)**	(1.9)
	(48.5)	(1.9)
Finance expenses		
Effective interest rate charge and debt modification loss	**(5.4)**	(2.2)
Unwind of discount on obligation to acquire additional share of subsidiary undertaking	**–**	(0.3)
Foreign exchange (losses)/gains on revaluation of obligation to acquire additional share of subsidiary undertaking	**–**	(1.6)
Other	**(0.1)**	–
	(5.5)	(4.1)
Taxation		
Tax credit on non-underlying items	**4.4**	1.4
Total non-underlying items	**(49.6)**	(4.6)

KEY PERFORMANCE INDICATORS CONTINUED

Further details of the non-underlying operating items have been provided in the Financial Review section on page 22.
Furthermore, a reconciliation from the underlying to the statutory reported basis is presented below:

	2020 (IFRS 16)			2019 (IAS 17)		
	Underlying	Non-underlying items	Total	Underlying	Non-underlying items	Total
Operating (loss)/profit (£m)	(315.4)	(48.5)	(363.9)	221.1	(1.9)	219.2
Operating margin	(22.0)%	(3.4)%	(25.4)%	7.9%	(0.1)%	7.8%
(Loss)/profit before tax (£m)	(371.8)	(54.0)	(425.8)	203.2	(6.0)	197.2
(Loss)/earnings per share (p)	(68.0)	(8.1)	(76.1)	29.1	(1.0)	28.1

Furthermore, it should be noted that the Group adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective approach to transition. In accordance with the standard, the prior year figures have not been restated and as a result comparison with the prior year is distorted. However, in order to provide a meaningful comparison with prior year, which was accounted for under IAS 17 'Leases', commentary has been included in the Business Review, Financial Review and other sections with reference to underlying profit measures computed in accordance with IAS 17. These are referred to as 'Pro forma IAS 17' measures. A reconciliation of key underlying profit measures to 'Pro forma IAS 17' numbers is presented below:

	Pro forma IAS 17 2020 £m	Impact of IFRS 16 2020 £m	IFRS 16 2020 £m
Underlying operating loss	(211.7)	(103.7)	(315.4)
Underlying loss before tax	(239.6)	(132.2)	(371.8)
Underlying loss per share (p)	(45.4)	(22.6)	(68.0)
Net debt	(692.0)	(1,348.6)	(2,040.6)

IFRS 16 increases the underlying operating loss, whereby the depreciation of the right-of-use assets of £305.3m is offset primarily by the reduced lease expense of £201.6m, resulting in a net charge to underlying operating loss of £103.7m. The interest charge on the lease liabilities of £27.8m and the loss from associates of £0.7m further increases the loss, giving the underlying loss before tax impact of £132.2m. The impact of IFRS 16 on net debt is primarily the recognition of the lease liability balance.

RISK MANAGEMENT AND PRINCIPAL RISKS

Effective risk management is key to supporting the Group's strategic objectives.

The Board has overall responsibility for the Group's risk management policies and internal control systems and is also responsible for reviewing their effectiveness. The management of risks is delegated to the business through a variety of committees that are responsible for reviewing and managing the procedures. We recognise that the procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives as they can only provide reasonable, but not absolute, assurance against material errors, losses, fraud or breaches of laws and regulations.

Furthermore, the Board is responsible for ensuring that the Group maintains a strong capital base and adequate sources of funding at all times, in order to pursue its strategy of growth and the creation of long-term sustainable value for its shareholders. The Board has taken care to ensure that all relevant risks have been appropriately analysed and understood in the context of this strategy. The regional businesses operate within a Group-wide risk management framework, which allows the regional management teams to utilise their knowledge of their local markets as effectively as possible to deliver on the Group's strategic priorities as set out on pages 8 and 9, whilst operating within the risk tolerance levels set by the Board.

Risk management framework

The Group's risk management framework is designed to ensure that material risks throughout the business are identified and effectively managed on an ongoing basis.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant and emerging risks faced by the Group. This process was in place throughout 2020 and up to the date of approval of this Annual Report, which meets the requirements of the guidance produced by the Financial Reporting Council.

However, while the Group has continued to embed internal control and risk management further into the operations of the business and to deal with any areas of improvement which come to management's and the Board's attention, a key aspect of the last half year has been considering the processes in light of Covid-19 and appropriate adjustments given Covid-19's impact on the Group (see page 36 for details of emerging Covid-19 risks).

The Audit Committee has kept under review the effectiveness of the system of internal controls and has reported regularly to the Board. The key features of the risk management process are as follows:

- The Group conducts an annual Risk Assessment and local management teams maintain country and regional risk registers. The regional/country registers cover the assessment of risks (including social, environmental, governance and ethical matters), any major changes in risks or new initiatives, and any current as well as future mitigation activities, which are discussed by the Executive Committee. The Group maintains a top down consolidated risk register which covers risks to the overall Group. Risks are evaluated in respect of their potential impact and likelihood, and key risks are highlighted to the Risk Committee and the Audit Committee;
- The Board discusses and agrees the principal risks that are included in the Annual Report;
- An annual risk management action plan is put in place to further enhance the Group's risk management capability;
- The Group has established and rolled out a number of risk management polices including a Colleague Code of Conduct, a Whistleblowing Policy, an Anti-Bribery and Anti-Corruption Policy, a Prevention of the Facilitation of Tax Evasion Policy, a GDPR Compliance Policy, and various IT security polices, as well as training thereof, all of which are refreshed on an ongoing basis. Training has been provided to the Board and the senior management, which covers the obligations and behaviours of a UK listed company, including those relating to compliance, insider trading and market abuse;
- The management of risk and compliance with associated policies is considered as part of the Group's performance management systems; and
- The Board considers social, environmental, governance and ethical matters in relation to the Group's business as part of its Corporate Responsibility Strategy and assesses these when reviewing the risks faced by the Group. Further information regarding environmental and ethical matters is available on pages 12 to 19.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

The table on pages 36 to 41 summarises the principal risks and uncertainties to which the Group is exposed, and the actions taken to mitigate them. Risks are identified as 'principal' based on the likelihood of occurrence and the potential impact on the Group. The principal risks are listed in order of priority.

Two new risks regarding liquidity and funding and impact of Covid-19 have been added to the principal risks since last year. Two risks, relating to competitive intensity and business development capability and investment, are no longer considered strategic risks, and as such have been removed from the principal risks.

Internal control framework

The Board has overall responsibility for the Group's internal control framework and reviewing its effectiveness. The Audit Committee supports the Board generally in regularly reviewing the effectiveness of the Group's system of internal controls.

The regional and country management teams are responsible for implementing internal control and risk management practices within their own businesses and for ensuring compliance with the Group's policies and procedures.

During 2020, the Board reviewed the effectiveness of the Group's risk management and internal controls systems. These reviews included an assessment of internal controls, in particular operational and compliance controls as well as their effectiveness, supported by reports from the internal auditor as well as the external auditor on matters identified in the course of their statutory audit work.

In addition during the year, Deloitte, as internal auditor, carried out a Strategic Risk Assurance Review following the 2019 Risk Assessment process to determine the extent to which the highlighted mitigation activities had been implemented and to consider whether additional assurance activity is appropriate from internal audit. They confirmed that the mitigations for the strategic risks were being incorporated as a part of the senior management's key oversight processes such as business performance and forecasting, Group Business Development and Group Investment Committee processes and New Plan initiatives.

There were no changes to the Group's internal controls over financial reporting that occurred during the year ended 30 September 2020 that have materially affected, or are reasonably likely to materially affect, the Group's reported financial position.

Approach to risk management following the onset of Covid-19

The impact of Covid-19 has been significant on SSP and has been detailed in various sections of the Strategic Report. As such, the narrative below should be read in conjunction with other sections of the Strategic Report to provide a better understanding of the risks and our response to Covid-19.

It became clear at the start of the second quarter of the financial year that Covid-19 would become a global pandemic and would have a severe impact on all our regions. The Group management took decisive action to protect its staff and customers as well as the long-term viability and survival of the business.

From the outset of the pandemic, the Group established a Business Continuity Committee, led by the Group HR Director, to provide strategic leadership and to ensure the implementation of the requisite processes to mitigate risks arising out of the various potential Covid-19 scenarios. Group HR carried out a comprehensive review of government guidelines on health and safety and social distancing procedures to ensure customer and employee safety can be ensured as offices and units started to reopen following the initial closures. Liquidity and funding emerged as a significant risk during the period.

SSP implemented various processes to effectively manage liquidity pressures including utilising the government support schemes, significant reduction in capital expenditure as well as implementation of salary reductions across senior management. Further detail on the impact of Covid-19 on our existing risks as well as mitigation plans has been set out in the principal risks section on page 36.

The Group's risk management framework

Board

Overall responsibility for the Company's system of internal controls and risk management policies.

Audit Committee

The Audit Committee reviews procedures that relate to risk management processes and financial controls. The assessment of controls and risk management processes provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group.

The Chairman of the Audit Committee reports to the Board on any matters that have arisen from the Audit Committee's review of the way risk management and internal control processes have been applied. This includes insights from its review of the reports of the internal and external auditors.

- Supports the Board by reviewing risk management processes and financial controls.

- Receives and reviews detailed risk registers, Control Self-Assessment (CSA) results and internal audit reports.
- Assesses the integrity of the Group's financial reporting.

Risk Committee

Meets quarterly and operates under the management of the Audit Committee. Chaired by the CFO and comprises various senior management. Senior representatives from Deloitte attend in their internal audit capacity.

- Reviews and updates risk registers.
- Reviews operational risks, controls and KPIs on an ongoing basis.
- Reviews results of the CSA process and internal audit reports.
- Reviews the Group balance sheet.
- Reviews the Group's information security protocols.
- Assesses safety management reports and initiatives.
- Reviews internal reports required by the Group Anti-Bribery and Corruption Policy and assesses further actions and controls.
- Reviews the Group's strategy for privacy and GDPR compliance.
- Reviews the Group's activities in managing the risk of modern slavery.

Executive Committee

Meets monthly and is chaired by the CEO. Composed of the Executive Directors and senior management (comprising regional CEOs and functional heads).

- Produces a detailed Budget annually in accordance with our financial processes. This is reviewed and approved by the Board.
- Keeps Budget under review pursuant to operational reports on a weekly and monthly basis in accordance with the Group's financial procedures manual.
- Identifies and executes, subject to the necessary Board approvals, new strategic business opportunities and relationships.
- Identifies and executes, subject to the necessary Board approvals, strategic business acquisition and divestment opportunities and major capital expenditure proposals.
- Reviews the assessment of risks, as well as current and future mitigation activities at both the Group and regional/country levels.
- The CEO and CFO report to the Board on financial performance and key issues as they arise.

Disclosure Committee

Composed of the CEO, CFO and Company Secretary.

Meets on an ad hoc basis.

- Identifies information which requires disclosure under the Listing Rules, Market Abuse Regulations or the DTRs in a timely manner, to ensure that such information is properly considered and that such consideration includes whether the information should be disclosed.

Group Finance

Financial Reporting

- Coordinates the risk management process (updates risk registers, assesses risk ratings and documents mitigating controls).
- Conducts meetings with risk owners across the business.
- Coordinates and consolidates local risk registers.
- Along with the CEO and CFO, carries out regular trading and financial reviews to monitor the ongoing operations of the Group.

Group Investment Committee

- Reviews and authorises material capital investments and acquisitions proposed by the business.
- Operates an annual post investment review process covering all acquisitions and capital expenditure approved by the Group Investment Committee.

Regional and Country Management

- Implements internal control and risk management practices locally and ensures compliance with the Group's policies and procedures.
- Considers, updates and maintains local risk registers and risk maps.
- Completes the annual CSA process, and proposes and follows up on action points to address any control gaps.
- Submits requests for approval of controlled activities.
- Compiles reports and maintains registers as required (e.g. ABC, safety, modern slavery and other compliance matters).

Internal Audit

- Carries out assurance activities to help inform the Board and committees of potential risk areas and mitigating controls.

Top down
Oversight and leadership of risk management approach

Bottom up
Identification, assessment, mitigation and escalation of risks

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Principal risks

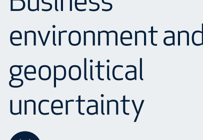
Risks are identified as 'principal' on the basis of their likelihood of occurrence and their potential impact on the Group. Furthermore, our strategic priorities based on our five lever framework laid out below form the basis of Group-wide risk identification, assessment and discussions:

1 Optimising our offer to benefit from the positive trends in our markets and driving profitable LFL sales; 2 Growing profitable new space; 3 Optimising gross margins and leveraging scale benefits; 4 Running an efficient and effective business; and 5 Optimising investment using best practice and shared resource.

The principal risks discussed in the table below are listed in order of priority. New risks have been added to the principal risks since last year regarding liquidity and funding and the impact of Covid-19.

Risk increasing Risk decreasing No risk movement

Risk/Risk priority	Risk description	Mitigating factors
1 Liquidity and funding New risk **Strategic priorities** 	Covid-19 has significantly reduced trading over an extended and uncertain timeframe. An inability to effectively respond and manage expenditure accordingly would impact the Group's ability to operate within committed credit facilities. The Group is reliant on the Covid Corporate Financing Facility (CCFF), and an inability to refinance the facility or draw down further funding tranches would further impact the Group's ability to operate within committed credit facilities. The Group's senior debt facilities, which mature in July 2022, will also need refinancing or extending in due course. There is also a risk of breaching covenants on existing financing facilities unless covenant waivers are secured from lenders. If the Group is unable to agree covenant waivers there is a risk that the lenders could require repayment of their financing commitments.	SSP has implemented effective processes to minimise liquidity pressures; for example, a significant reduction in capital spend and the furlough of colleagues, as well as salary reductions have been implemented across senior management. Further, the Group did not declare an interim dividend, postponed its share buyback programme and completed a new equity placing in March 2020 (as well as a small placing in June 2020 to retain some of the final 2019 dividend as cash in the business). Covenant amendments have been secured as further detailed in the viability statement on pages 42-43, and in the going concern note on pages 106-107. Management will remain in close dialogue with both lenders and USPP note holders and will seek further covenant amendments should the need arise. Liquidity and covenants headroom is closely monitored and stress tested. SSP has also engaged in ongoing discussions with key advisors and lenders about access to alternative sources of finance in the future should this be needed in the medium to longer term.
2 Impact of Covid-19 New risk **Strategic priorities** 	The pandemic has had a severe effect on the travel sector, which has been effectively closed in many of SSP's markets, and there is a risk that the recovery in the travel markets may be prolonged due to ongoing restrictions for health and safety reasons and behavioural changes which might impact passenger numbers. In the Air sector most industry analysts expect that there will not be a recovery to pre-Covid levels of activity until 2023 or 2024. The principal reasons for this will be a potential loss of business travel, as companies look to restrict travelling and promote video-conferencing, which has proven effective during the pandemic, and a reduction in long haul travel, as a consequence of airline capacity reductions and safety concerns. In the Rail sector, there may also be some longer term impacts on passenger numbers as a consequence the accelerated trend towards working from home, which has proven effective for many firms and their employees, and will affect commuter travel which is important for SSP's rail operations. The risks to SSP are that passenger volumes may not return to pre-Covid levels, and therefore impact sales potential, leaving some outlets and contracts operating at uneconomic levels of sales, given the fixed operational cost base. There is also a risk that there is greater pressure from clients to pay fixed minimum guaranteed rents, even at lower passenger volumes, or open more outlets at individual sites than is commercially optimal for SSP. Furthermore there is a risk that some of the actions taken by SSP to trade through the pandemic, notably the organisational restructuring undertaken in many countries, may leave the business under-resourced for a recovery in demand and remove key management capabilities. As a consequence of Covid-19 the Group has been required to adopt new health and safety protocols and operational standards (e.g. to meet social distancing regulations) in order to protect its staff and customers. All of these potentially lead to higher operational costs and carry compliance risks.	The Group has implemented short-term cost reductions and a significant restructuring programme to reduce the cost base, while also improving short-term liquidity by the use of government support schemes, such as the UK's Coronavirus Job Retention Scheme, reduction in capex spend and negotiating rent reliefs with its clients. There has also been a reduction in product range to further reduce supply chain complexity and costs. The Group CEO and CFO continue to carry out focused weekly trading reviews with country management teams. Management have also put in place rolling forecasts in place of quarterly forecasts to enable the Group to react to changes as they occur. At the outset of the Covid-19 pandemic, the Group established a Business Continuity Committee to ensure that the Group had all the proper processes in place to mitigate the risks of a variety of Covid-19 scenarios. This was led by the Group HR Director with input from our internal auditor's risk/crisis team. Group HR has led a comprehensive review of government guidelines on health and safety and social distancing procedures to ensure customer and employee safety can be ensured as offices and units start to reopen.

Risk/Risk priority	Risk description	Mitigating factors
3 Business environment and geopolitical uncertainty  **Strategic priorities** 	The Group operates in the travel environment where external factors such as the general economic and geopolitical climate, levels of disposable income, weather, changing demographics and travel patterns could all impact both passenger numbers and consumer spending. There is a risk that the Group is unable, or poorly placed, to respond to these external events. The travel environment is vulnerable to acts of terrorism or war, an outbreak of pandemic disease, or a major and extreme weather event or natural disaster which could reduce the number of passengers in travel locations. Tourism and business travel have been materially impacted by Covid-19 resulting in a direct business impact due to the downturn in the global economy. while also increasing the risk of economic downturn in the global economy. The crisis will be more acute in countries with a high level of debt and dependency on tourism, e.g. Greece and Spain, and the timeline to recovery in the travel sector is uncertain. Further, Covid-19 has exacerbated risk to airline stability, which had previously been increasing, e.g. the failure of Jet Airways and impact of Boeing Max 737 grounding. Increased protectionist trade policy and tariffs could result in cost inflation, particularly in the US. Public concern over climate change may impact air travel, either directly or through government policies.	The Group monitors the performance of individual business units and markets regularly. The Executive Directors review detailed weekly and monthly information covering a range of KPIs, and monitor progress on key strategic projects with local senior management. Specific short- and medium-term actions are taken to address any trading performance issues which are monitored on an ongoing basis. There has been greater focus on business continuity planning and recovery. The Business Continuity plan has been tested during this current crisis with staff working from home and has proved to be effective. The Group has been conducting research to understand changing requirements of customers in light of the pandemic to better tailor our offer to their needs.
4 Retention of existing contracts **Strategic priorities** 	The Group's operations are dependent on the terms of airport and railway station concession agreements. Growth (and maintenance of market share) is dependent on the Group's ability to retain existing concession contracts and win new contracts from either new or existing clients. Covid-19 has resulted in a reduction in tenders, thus reducing this risk in the short term. However, rent relief negotiations may result in friction, especially for reliefs sought beyond the near term. Unsuccessful rent relief negotiations may force the Group to exit units that are no longer viable. Moreover, as trading recovers from Covid-19 impact, there may be tensions over the timing of reinstatement of suspended capital expenditure programmes given the ongoing pandemic and unit closures. Resource reductions made in response to Covid-19 may result in reduced operational standards, impacting relationships with clients and franchise partners in the medium term.	The Group's local management structures in all its major geographies allow it to maintain strong relationships with its clients and to monitor performance in close partnership with its clients' management teams. Further, the Group has an established contact strategy with key clients to establish and/or maintain ongoing relationships. These are discussed between Group and local management on a regular basis. Management has actively engaged with clients on a reopening programme to ensure that units can be reopened profitably. The Group conducts regular online and interview-based client surveys to ensure any concerns are being addressed.
5 Impact of Brexit **Strategic priorities** 	Brexit may have an adverse impact on the wider economic environment in the UK and across the EU, resulting in weaker consumer spending in the travel food and beverage markets. It would also impact the travel sector directly if any restrictions in the freedom of industrial air travel between the UK and EU countries come into force. The potential depreciation of the pound could lead to cost inflation pressures, particularly in the food commodity markets. Potential restrictions on mobility of EU nationals post-Brexit may limit the availability of labour resource in the UK in the long term. These risks may be compounded in the case of a 'no deal' Brexit which could further reduce the attractiveness of the UK for investment.	The Group carefully monitors the ongoing negotiations of the UK's exit from the EU through its Brexit risk mitigation committee. The Group maintains a global portfolio and regularly monitors the impact of foreign exchange fluctuations on its cash flows, mitigating the impact from foreign exchange risk. The Group's pricing and range initiatives are driven by continuous monitoring of consumer spending benchmarks. Various gross margin initiatives, including recipe re-engineering and procurement rationalisation continue to be pursued, to mitigate the impact of cost inflation. The Group continues to develop its UK recruitment strategy to ensure SSP is positioned as an attractive employer in the UK during the store reopening programme. There is also an ongoing focus on labour flexibility and productivity to improve retention rates post Brexit. An increased focus on technology initiatives during the Covid-19 recovery stage will help reduce demand for labour as units open.

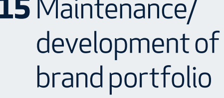
RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk priority	Risk description	Mitigating factors
6 Senior management capability and retention Strategic priorities 4	The performance of the Group depends on its ability to attract, motivate and retain key employees. The skills developed in our business are highly attractive to other companies, which regularly target our staff for recruitment. Given the impact of Covid-19 and the increasing risk over staff retention, particularly for senior employees with transferable skills, insufficient senior capability risk has increased over the prior year. Additionally, there continues to be a risk that the Group may not have sufficient resources in various functions including in legal, finance and IT, to meet the changing and complex needs of an international business as it adapts and recovers from the impact of Covid-19. It may also be difficult to attract senior employees as the travel food sector will be considered riskier in the short to medium term.	The Remuneration Committee reviewed the remuneration for senior management in light of Covid-19 with the aim of ensuring that the reward offer is designed to attract, retain and motivate the key personnel required to run the Group effectively. In light of Covid-19 and the resulting increased recruitment and retention risk, the Group has developed revised incentive schemes for senior management, e.g. a revised LTIP structure. The Group also continues to review key roles and succession plans at a country and at a Group level. The Group carries out an annual talent mapping exercise to identify candidates for future roles and continues to invest in additional resources to support change initiatives and career development programmes.
7 Regulatory compliance Strategic priorities 1 2	The laws and regulations governing the Group's industry have become increasingly complex across a number of jurisdictions and a wide variety of areas, including, among others, labour, employment, immigration, security and safety, bribery and corruption, tax evasion, modern slavery, competition and antitrust, consumer protection, data protection, licensing requirements and related compliance. There is a risk that the Group fails to comply with such laws and regulations. The UK Corporate Governance Code 2018, certain amendments to the Companies Act and IFRS 16 are applicable to SSP's current financial year. These new requirements create a disclosure and reporting risk in the financial statements as well as reputational risk if the new rules are not properly implemented. Covid-19 has resulted in an additional compliance burden due to the increased health and safety protocols to be observed for colleagues and customers, use of government support programmes (e.g. furlough schemes) and an increased focus on good governance. Reduced staffing and employees being placed on furlough, and an increase in reliance on external advisors, has also led to an increased compliance risk, slightly offset by the extension of compliance deadlines .	The Group has procedures and processes in place to ensure compliance with local laws and regulations. The Group may obtain external advice to supplement the in-house legal and compliance team. The Group has a number of key compliance polices (e.g. Anti-Bribery and Anti-Corruption) for which training has been rolled out internationally. This is continually being reviewed and updated to improve controls and monitoring. The Group's procedures under its compliance policies include regular reporting by the businesses to the Risk Committee and regular monitoring by internal audit. All alleged breaches of the Group's policies are investigated. GDPR compliance is determined and managed locally but is overseen by a steering committee, comprising leadership from Group HR, Group IT, Commercial and Legal. The Group's Global Privacy development programme is temporarily on hold in light of Covid-19, however, with advice from its external advisors, the Group has adopted a short-term simplified controls programme for FY 2021. Related to IFRS 16, a new software solution has been implemented to ensure correct computation of the impact on the financial statements. Increased frequency of reviews from country CFOs have ensured that risks related to completeness and accuracy of the numbers is mitigated. Following the onset of the Covid-19 pandemic, the Group's internal, legal and finance teams (supported by the Business Continuity Committee) have worked closely with the local business teams to assess the risk of non-compliance with laws and contracts arising from the crisis and to advise on mitigating actions (including operational protocols to safeguard our various stakeholders).

Risk/Risk priority	Risk description	Mitigating factors
8 Food safety and product compliance Strategic priorities	Food safety and integrity are vital for our business. The preparation of food and maintenance of the Group's supply chain require a base level of hygiene, temperature maintenance and traceability. Non-compliance with food safety laws or failure to effectively respond to a food safety incident, can expose the Group to significant reputational damage as well as possible food safety liability claims, financial penalties and other issues. Proper management of allergens remain in the industry spotlight. From October 2021, foods that are pre-packaged for direct sale in the United Kingdom will need to have a label with a full ingredients list with allergenic ingredients emphasised within it (commonly referred to as 'Natasha's Law'). An increase in NGO activism and UK public awareness has seen increased pressure to reduce the use of plastics in the food and beverage (F&B) industry. Network Rail has stated that F&B units must be plastic-free at their sites by 2020. Switching to non-plastic alternative materials could have significant cost impact on the business. There is also the risk of additional levies being imposed by the government on the use of plastic.	The Group has implemented a global safety management programme, setting minimum standards of health and safety, fire safety and food safety across all its operations and requiring periodic reporting of performance and incident statistics. Within this management programme are food safety standards which include processes to monitor the supply chain and to manage allergens. All SSP country operations are required to report on all food safety incidents (including allergens) on a periodic basis to the Risk Committee, which reports on global safety performance to the Audit Committee every six months. SSP UK & Ireland currently controls allergen management within the supply chain, supported by staff training and unit audits. All operational staff undertake allergen training as part of mandatory training upon commencement of employment in unit. All units are subject to an unannounced 'Safe and Legal' audit by the Health and Safety team on a 12-monthly cycle. Full technical guidance and clarity of scope of Natasha's Law is expected to be provided by the Food Standards Agency. The UK allergens working group set up last year is currently checking which products are in scope, and sourcing an IT platform to support allergen data and labelling. Ongoing reviews of operations are being carried out in the UK to determine plastic-free feasibility and opportunities.
9 Labour laws and unionisation Strategic priorities	Approximately half of the Group's employees are subject to collective bargaining agreements. These are principally in France, Germany, Spain, Denmark, Finland, Norway, Sweden and the United States. The Group is also subject to minimum wage requirements and mandatory healthcare subsidisation in some of the jurisdictions in which it operates, notably North America, the United Kingdom and China. Furthermore, in the US, costs have continued to increase due to the Fair Labor Standards Act ('FLSA') as well as the immigration policy which has had an adverse impact on the supply of labour. There is a risk that the Group is unable to offset the cost impact of the above on its overall labour costs, There is also a risk that governments will seek further employee protections as a result of Covid-19, which could negatively impact the Group's base costs.	The Group works proactively with all of its unions to ensure that the various collective bargaining agreements are appropriate for the Group and therefore minimise commercial risks. The Group is continually reviewing the impact of changes in remuneration structures in developing mitigating strategies across the Group. The reviews include the ongoing impact of the National Living Wage and the Apprenticeship Levy in the United Kingdom, and the impact of healthcare legislation and FLSA in the United States. The Group's strategic plan in response to Covid-19 includes initiatives to improve labour efficiency and profitable reopening of units with continued focus on roll-out of technology solutions to such as self order Kiosks and order at table to reduce costs. Owing to the job losses due to Covid-19, there might be increased labour supply in the short to medium term which may mitigate some of the risk of the ongoing labour inflation.
10 Information security and stability Strategic priorities	There is a risk that the Group becomes exposed to information security, cyber threats, e.g. threats detailed in the Payment Card Industry Data Security Standards (PCIDSS) as well as ransomware attacks, particularly in light of increased homeworking of its head office staff. The Group has commenced a major programme to implement SAP Inventory and Finance systems which can risk significant operational disruption. There is a risk that the speed of implementation is negatively impacted by the Covid-19 recovery process. As the Group adapts to the post Covid-19 way of doing business, there is likely to be an increased focus on technology solutions and there is a risk that the Group is unable to make the right investment of time, capital and resource into such programmes. Reduction in resource as part of Covid-19 response may generally increase pressure on IT teams.	The Group has developed extensive IT disaster recovery and information security policies and practices, to ensure that these meet the changing landscape. These are regularly discussed and reviewed by the Risk and Audit Committees as well as the Board. The Group's new Security operation centre became operational in September 2020 (as part of the Company's Cyber Security Programme). This will help to reduce time to detect and respond to incidents (spam, malware attacks, phishing emails, etc.). Additional layers of protection to prevent ransomware impacting critical files on servers have been added. The Group has also rolled out cyber security training across the business to reinforce data protection responsibilities and cyber risks. The Group's segmental business model and IT systems structure help to ensure that potential cyber attacks are likely to remain isolated locally rather than impact the entire Group. A clear governance and management structure has been set up for the SAP project implementation including the engagement of a SAP preferred partner for the roll-out which has significant experience of implementing SAP at large companies. In light of the increased working from home by head office colleagues, the Group has increased the roll-out of the new modern workplace technology to improve security of our laptops across the business (e.g. multi-factor authentication, encryption of all data on hard disks, etc.).

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk priority	Risk description	Mitigating factors
11 Benefits realisation from efficiency programmes **Strategic priorities** 3 4 5	The Group is continuously seeking new programmes to improve efficiency. There is a risk that these programmes may be difficult to implement due to complexity, and furthermore that they could fail to deliver the desired benefits, e.g. labour efficiency and minimising waste and loss. The impact of Covid-19 restructuring has been significant and may lead to loss of momentum on technology enhancements and capital investment that are required for sustainable growth. This may be compounded by the loss of resource in areas such as commercial, waste and loss, procurement and labour management.	The Group's strategic plan in response to Covid-19 is being implemented with focus on guiding the business strategy through the Covid-19 period to ensure evaluation of the overall cost structure. This includes various initiatives such as simplification of product offering and profitable reopening of units. The Group has completed a detailed evaluation, planning and partial implementation of its major change programmes, and adapts and responds to feedback on an ongoing basis. To aid these programmes, the Group continues to utilise specialist expertise in the business where required, both at a Group and at a country level. Group IT also provides support for project management and implementation, using agreed standard business processes and controls.
12 Changing client behaviours **Strategic priorities** 	Changing client requirements, such as splitting tenders across two or more providers, seeking new income streams through pouring rights agreements, partnering with operators in joint ventures, developing third party purchasing models and favouring franchise and local brand operators or partnering directly with brand owners or increased health and safety monitoring requirements, may adversely affect the Group's business and /or profit margins. Furthermore, new tender processes can be more complex and demand increased rents. However, Covid-19 is expected to result in a reduction in new tenders and increased flexibility as clients aim to get through the downturn.	The Group has in place a clear 'SSP Value Proposition' that it presents to the client to address this risk. Senior Group commercial management works closely with country management teams to enhance and clarify the Group's proposition to its clients. There is greater focus on developing internal concepts to reduce complexity and costs. The Group's contact strategy with key stakeholders and clients helps to mitigate this risk. This is informed by its annual client survey, which is carried out by an independent party.
13 Outsourcing programmes **Strategic priorities** 	The Group may fail to execute outsourcing projects effectively, resulting in business as usual being disrupted and the introduction of new third party risks. Furthermore, any benefits expected from the outsourcing programme may not be realised. Staff turnover at outsourcing partners may be impacted by Covid-19.	The Group continues to utilise specialist resources in the business to manage implementation and transition projects, and it continues to use external advisors to provide input into the management of risks in such projects. The Group has temporarily scaled down some outsourced resources to match reduction in business operations in light of Covid-19. This process has been well managed. There are also monthly and quarterly reviews with outsourcing partners focusing on efficiency and costs to ensure shared services are being appropriately managed. Performance feedback is reported to the Executive Committee and the Risk Committee on a regular basis.
14 Tax strategy **Strategic priorities** 	The Group may suffer reputational damage if customers, clients and/or suppliers believe that the Group is engaged in aggressive or abusive tax avoidance. There is a risk that the Group may not be tax compliant due to complicated local tax laws across different geographical territories. Covid-19 support schemes (e.g. furlough) have further increased the tax compliance burden. There is an increased focus on tax governance from the tax authorities, including the integration of systems with tax authorities. There continues to be more investment from OECD into Base Erosion and Profit Shifting (BEPS) related initiatives. There is a risk that there could be wholesale changes to how taxation systems work based on the data gathered in the future. This is also driving digitisation resulting in a cost and complexity impact.	The Group has a tax management policy which is based on the Board's guidance to adopt a low-risk tax strategy. The Group also regularly reviews its tax priorities and has done so in light of the Covid-19 pandemic (for example, the Eat Out to Help Out scheme was successfully rolled out at short notice). There is also increased oversight and monitoring of key tax issues within divisions by the Group tax team. Increased disclosure of tax policy and tax payments in Group financial documents.

Risk/Risk priority	Risk description	Mitigating factors
15 Maintenance/ development of brand portfolio  Strategic priorities 1 2	The Group's success is largely dependent upon its ability to maintain its portfolio of proprietary brands and the brands of its franchisors, as well as the appeal of those brands to clients and customers. The loss of any significant partner brands, the inability to obtain rights to new brands over time or the diminution in appeal of partner brands or the Group's proprietary brands, could impair the Group's ability to compete effectively in tender processes and ultimately have a material adverse effect on the Group's business. The risk has reduced over the prior year as, in light of Covid-19, there have been no significant new brand openings during the year. In the short term the need for new brands has reduced due to the economic disruption caused by Covid-19. There is however, a risk that some of our brand partners may fail during the ongoing pandemic resulting in adverse financial and reputational consequences for the Group.	In light of Covid-19, to provide greater support to the regions, the top 10 franchise brand negotiations are being handled by the Group centrally. There are also ongoing negotiations with franchise brand partners to obtain better terms, which have been accelerated due to the need to respond to Covid-19. The Group continues to work closely with its partner brands, particularly in light of Covid-19, to maximise the roll-out of operational efficiencies to ensure units are opening profitably despite lower passenger numbers. The Group will continue to carry out customer research into passengers' needs as necessary to ensure its brands and concepts have the right offer in the post-Covid-19 world. Finally, the Group continuously looks to strengthen the depth and breadth of its brand partners as well as to reform and strengthen its own proprietary brands.
16 Expansion into new markets Strategic priorities 1 2	Historically, the Group's strategy has involved expanding its business in developing markets. The political, economic and legal systems and conditions in these markets are less predictable than in countries with more developed institutional structures, subjecting the Group to additional commercial, reputational, legal and compliance risks. However, this risk has reduced due to the ongoing impact of Covid-19 as entering new markets in the short to medium term is unlikely. However, Covid-19 may extend the time period over which new businesses can reach profitability after the initial set-up.	The Group has strong management teams in developing markets where this risk exists. In addition, the Group adopts a joint venture model in certain new territories to provide access to existing local infrastructure and expertise, as well as to help mitigate the risk inherent on entering new territories. The Group has clearly defined authorisation procedures for all contract investments, to ensure that they are consistent with the objectives set by the Board and that they fully consider and evaluate the risks inherent in expansion into new locations and territories. The Group works with in-house and external advisors to ensure the risks of doing business in developing markets are identified and where possible, mitigated before entering those markets. This includes appropriate due diligence of potential joint venture and other local partners. The Group legal team works closely with country legal and operational teams to support business development activities and to ensure compliance with local requirements. The risk of working in developing markets is also monitored by the Risk Committee, Group Investment Committee and the Audit Committee.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Viability statement

SSP Group's operations are managed on a regional basis and are primarily focused on the airport and railway station food and beverage sales markets. As detailed on page 4 ('Our marketplace'), those markets benefit from a number of long-term structural growth drivers and we are confident that this will remain the case looking forward, despite the impact of Covid-19 in the short and medium term. Our business model is focused on meeting the food and beverage needs of our clients and customers in the complex and challenging environments in which we operate. As explained further on page 4, SSP has a number of structural advantages that we believe place us in a strong position to capitalise on the recovery in our markets when it comes.

The UK Corporate Governance Code requires that the Board issue a viability statement confirming that it has a reasonable expectation that the Company can operate and meet its liabilities for the foreseeable future. The Board is required to assess this viability over a period of greater than twelve months, taking into account a number of key factors, including its principal markets, its business model and its strategy as outlined above, together with its current position and principal risks and uncertainties.

As has been the case in previous years, the Directors have assessed the Group's prospects and viability over a five-year planning cycle. As the business is now globally established within a fairly mature yet dynamic market, the Directors believe that forward planning over this longer time horizon is appropriate, particularly as this period encompasses what is anticipated to be a full recovery in passenger numbers across our principal markets following the impact of Covid-19.

The assessment process and the impact of Covid-19

The Directors perform an assessment of the Group's prospects through its annual strategic and financial planning process. This process is led by the CEO and CFO in conjunction with the Executive Committee and the country management teams. The results of the assessment are then summarised within the five-year strategic plan (the Medium Term Plan or MTP), which is discussed and approved by the Board annually. The most recent MTP, which covers the period from 2021 to 2025, was approved in July 2020.

The impact of the global Covid-19 pandemic has created a level of uncertainty in our markets which has been significant and far-reaching. While the Directors firmly believe that the demand for travel in all of our principal markets will return to pre-pandemic levels in the medium term, the exact pace and timing of that recovery remains uncertain. As such, the MTP included a number of scenarios reflecting different rates of recovery for 2021 and 2022, and these scenarios have been further refined over the subsequent five months as the immediate impact of the virus, and the related government-imposed lockdown restrictions, has become clearer. Unusually, and in contrast to previous years, it has been easier to develop longer-term scenarios based on external forecasts and assumptions around a recovery of passenger numbers in the travel sector, than to develop short-term scenarios, given the high levels of uncertainty surrounding current national lockdowns and the pace of roll-out of vaccines and other measures such as testing and tracing.

Since the global escalation of the virus in March, management's response has been to take decisive action to protect cash, minimise costs and raise additional liquidity to allow us to operate throughout even our most pessimistic trading scenario. This action to increase liquidity included a £209m equity placing in late March 2020, followed shortly afterwards by securing access to the Bank of England's Covid Corporate Financing Facility (CCFF), under which facility we are permitted to draw up to £300m. In addition, the Group also secured access to a number of additional smaller liquidity lines, including government-backed facilities in France, Spain and Switzerland, providing a further £44m.

As well as raising this additional funding, we have taken a number of further steps to minimise operating costs while sales remain at the current low levels. Furthermore, we have also taken action to defer all non-essential capital expenditure, to agree rent waivers and deferrals with our clients, to suspend our previously announced share buyback programme and to negotiate with our lending banks a two-year deferral of term loan amortisation payments. The Board has also announced that the Company will not pay a dividend in respect of the current financial year.

At the end of the reporting period, the Group had approximately £520m of available liquidity, including cash of £185m and committed undrawn revolving credit facilities of £150m, as well as a further £175m available to be drawn down under the CCFF. The £150m revolving credit facility is committed until July 2022, while the Bank of England have confirmed that the Group can draw down the maximum £300m available to it under the CCFF for a period extending through to February 2022.

The Directors have reviewed the financial forecasts and funding requirements, reflecting all of the mitigating actions outlined above. Their assessment of viability is outlined below.

Assessment of viability

For 2021, the Directors have reviewed a base case scenario which is consistent with the Board-approved 2021 Budget, adjusted for the lockdown across England announced by the UK Government on 31 October, as well as significantly increased government-imposed restrictions in many other parts of Continental Europe which are likely to remain in place for the immediate future. The Budget reflects our expectations of ongoing challenging trading conditions for the remainder of this financial year, with sales recovering slowly during calendar year 2021 to approximately 60% of pre-pandemic levels by the end of this financial year. For 2022, the forecast assumes a further gradual recovery, albeit ending the year still below pre-pandemic levels. We assume a recovery to broadly 2019 levels of sales by 2023, with organic growth in line with pre-pandemic norms thereafter.

Due to the extreme level of uncertainty created by the global Covid-19 pandemic, there remains a risk, notwithstanding the recent positive news on the development of potential vaccines, that further waves of the pandemic could affect our markets during 2021, leading to travel restrictions being imposed at short notice and reducing customer confidence in travel. Accordingly, a downside scenario has also been modelled, applying severe but plausible assumptions to our base case. This scenario assumes a further twelve week lockdown (in addition to the November lockdown), lasting from December until February. The downside scenario then assumes a gradual recovery,

but at a much slower pace than envisaged in our Budget throughout the second and third quarters of the current financial year. Only by the fourth quarter do our downside sales assumptions converge with those in our base case.

In both the base case and the downside case the Group would continue to have sufficient liquidity headroom based on the cash and available facilities as described above.

In addition to the action taken in the Spring to strengthen liquidity, the Group secured an agreement in May 2020 from SSP's lending group of banks and its US private placement note holders to waive existing financial covenants, testing both interest cover and leverage, for the two testing periods covering the twelve months to 30 September 2020 and 31 March 2021. They agreed that these existing covenants would be replaced between the date of the agreement and 30 September 2021 by two new covenants, each tested monthly, with the first of these based on the Group demonstrating a minimum level of liquidity and the second based on the Group not exceeding a maximum level of net debt. For the testing period ending 30 September 2021 both the existing and new covenants would be relevant, with the Group returning to the existing covenants thereafter, once compliance with the existing covenants has been confirmed.

In order to provide the maximum financial flexibility for the Group through this exceptionally challenging period, we have now agreed further covenant waivers and amendments covering the period up to March 2022. As was the case with the covenant amendments agreed in May, the existing financial covenant testing leverage has been waived, until reinstated in March 2022, with the two temporary, monthly-tested new covenants on minimum liquidity and maximum net debt introduced for a further six months from October 2021. For the testing period ending 31 March 2022 both the existing and new covenants would be relevant, with the Group returning to the existing covenants thereafter, once compliance with the existing covenants has been confirmed. In addition, we have agreed to an additional new covenant, testing minimum EBITDA thresholds for the six months ending 30 September 2021 and 31 December 2021. Modified interest cover tests (calculated on a last six months basis) will also be applied at these two testing dates. All of these new covenant thresholds have been based on our most pessimistic trading scenario.

Although the Directors are confident that the Group has sufficient headroom to stay within the applicable new covenants for at least the next twelve months, they also recognise that there is likely to be continued disruption to travel markets during 2021, notwithstanding the recent vaccine developments, and as a consequence it is difficult to predict with confidence the overall impact of Covid-19 on the Group's profitability in the twelve month period ending March 2022 at this stage. Given this level of uncertainty, there are scenarios in which the Group could breach its existing interest cover and leverage covenants at the end of March 2022 and September 2022 when these tests are reinstated, as well as the minimum liquidity covenant when the CCFF is expected to be repaid in the first quarter of 2022.

In such circumstances, the Directors took account of the fact that they would be able to raise additional liquidity prior to the repayment of the CCFF in early 2022, and that management would remain in close dialogue with both lenders and noteholders, and would seek further covenant waivers should the need arise. Nevertheless, the possibility of a covenant breach during the first quarter of calendar year 2022, together with the possible requirement to raise additional liquidity when the CCFF is repaid at that time, cannot be discounted, and as such represents a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The Directors have also performed a robust assessment of the Group's principal risks, which can be found on pages 35 to 41. The risks are listed in order of priority. The risk descriptions explain why the related risks are important, and the Directors believe that the corresponding mitigating factors adequately address each risk, such that any residual risk falls within the Board's risk tolerance.

Due to the severe impact of the pandemic in the travel and hospitality sector, two Covid-19 related risks, both of which are new additions to the risk register, are the most significant risks facing the Group at present. One of these reflects the operational challenges that Covid-19 has presented, while the other highlights the financing consequences, as outlined above.

One of the other key risks that the Group faces is Brexit. However, as a result of the business operations extending across 35 countries, the business is naturally hedged against a downturn and currency fluctuations in any one specific market. An orderly exit from the EU whereby a deal has been agreed is not expected to have a significantly adverse impact that may otherwise arise under a no-deal Brexit scenario.

Viability statement

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the current funding facilities available, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment to September 2025. Nevertheless, as described above, the risk of a covenant breach cannot be discounted. Furthermore, if the impact of the pandemic is more severe or prolonged than modelled by the Directors, this could result in management action being required to secure ongoing liquidity for the business.

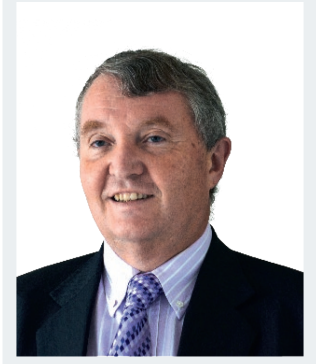
Going concern

These financial statements have been prepared on a going concern basis. As explained in note 1.2 on page 106, given the ongoing high level of uncertainty around the exact timing of the recovery in our markets as a result of the impact of Covid-19, there are scenarios in which the Group could breach its existing interest cover and leverage covenants at the end of March 2022 when these tests are reinstated, as well as the minimum liquidity covenant when the CCFF is expected to be repaid in the first quarter of 2022.

In adopting the going concern basis of preparation, the Directors took account of the fact that they would be able to raise additional liquidity during 2021, and that management would remain in close dialogue with both lenders and noteholders, and would seek further covenant waivers should the need arise. Nevertheless, the possibility of a covenant breach during the first quarter of calendar year 2022, together with the possible requirement to raise additional liquidity when the CCFF is repaid at that time, represents a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, and that it therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

After reviewing the most recent projections and the sensitivity analysis and having carefully considered the material uncertainty and the mitigating actions available, the Directors believe that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not contain any adjustments that would be necessary if that basis were inappropriate.

BOARD OF DIRECTORS



Mike Clasper
Chairman

Mike joined the SSP Board as an Independent Non-Executive Director on 1 November 2019 and was appointed Chairman following the 2020 AGM in February 2020. Mike has served on boards across a wide range of businesses. He brings significant and relevant experience, in particular an expertise in the airport and aviation services industries following his time as Chief Executive Officer of BAA plc.

Previous experience:
Mike has held various senior executive positions including Chief Executive Officer of BAA plc, Operational Managing Director of Terra Firma Capital Partners Limited and President (Global Home Care & New Business Development) of Procter & Gamble Limited. In addition, Mike has held various non-executive roles including Chairman of HM Revenue & Customs and Which? Limited and Senior Independent Director of Serco Group plc and ITV plc.

External appointments:
Mike is currently Chairman of Coats Group plc and Chairman of Bioss International Ltd. Mike is also a Trustee of Heart Cells Foundation, a Governor of the Royal Shakespeare Company (RSC) and an Advisory Board member for Arora International.

Qualifications:
Mike graduated from the University of Cambridge with an MA in Engineering.

Simon Smith
Chief Executive Officer

Simon was appointed as Chief Executive Officer in June 2019, having joined SSP as Chief Executive Officer of the UK & Ireland region in 2014. Simon brings significant business and operational experience to the Board and has more than 25 years' experience in the retail and catering sectors.

Previous experience:
Simon began his career at Fenwicks before moving to Allders Department Stores, and then Safeway where he worked in both commercial and marketing roles. Before joining SSP, Simon was at WHSmith for 10 years, most recently as Managing Director of WHSmith's travel division. He joined the travel division of WHSmith in 2004 and held the roles of Trading Director and Chief Operating Officer before his promotion to Managing Director. During his tenure, the travel division expanded to more than 20 new international markets across Europe, India, the Middle East and Asia Pacific.

In his previous role at SSP, in addition to running the UK business, Simon's role broadened internationally, and he took full responsibility for the integration and development of the Company's joint venture in India, Travel Food Services.

Qualifications:
Simon holds a first class Economics honours degree from Leeds University.

Jonathan Davies
Chief Financial Officer

Jonathan has been the Chief Financial Officer of SSP since its formation within Compass Group in 2004. Jonathan brings extensive financial experience to SSP and has spent over 25 years working within retail and FMCG companies.

Previous experience:
Jonathan began his career in Unilever plc's management development programme before joining OC&C, the strategic management consultancy, as a start-up in 1987, where he was part of its rapid growth and development to become a leading international consulting firm. From 1995 to 2004 Jonathan worked for Safeway plc, where he was Finance Director on its Executive Board between 1999 and 2004.

External appointments:
Jonathan is a Non-Executive Director of Assura plc, where he is Senior Independent Director and Chairman of the Audit Committee.

Qualifications:
Jonathan holds a degree in Chemistry from Oxford University and an MBA from INSEAD Business School, France.

Carolyn Bradley
Senior Independent Non-Executive Director

Carolyn joined the SSP Board as an Independent Non-Executive Director in October 2018. Carolyn has extensive experience in marketing and, having worked in the retail industry for over 30 years, brings a strong consumer focus. Carolyn brings significant board and board committee advisory experience to the Board.

Previous experience:
Carolyn spent over 25 years at Tesco, holding a number of roles including Chief Operating Officer for Tesco.com, Commercial Director for Tesco Stores and Tesco UK Marketing Director, before being appointed Group Brand Director in 2012. She was also a Non-Executive Director of Legal & General Group plc.

External appointments:
Carolyn is a Non-Executive Director of Majid Al Futtaim Retail LLC, Marston's plc (Senior Independent Director), The Mentoring Foundation and B&M European Value Retail S.A. She is a trustee and Deputy Chair of Cancer Research UK and a member of the Advisory Board of Cambridge Judge Business School.

Qualifications:
Carolyn graduated from the University of Cambridge with an MA in English Literature.

Board Committees

A Audit Committee

R Remuneration Committee

N Nomination Committee

* Chair

Ian Dyson

Independent
Non-Executive Director

Ian joined the SSP Board as an Independent Non-Executive Director in April 2014. Ian brings significant financial and business experience to the Board.

Previous experience:
Ian was formerly Chief Executive Officer (and then Non-Executive Director) of Punch Taverns plc, Chief Executive Officer of Spirit Pub Company plc, Group Finance & Operations Director at Marks & Spencer Group plc and Finance Director of The Rank Group plc. Prior to this he was Group Financial Controller of Hilton International Co. He joined Hilton from Le Meridien, a division of Forte Group plc, where he had been Finance Director. Ian has also been a Non-Executive Director of Misys plc.

His early career was spent with Arthur Andersen where he was promoted to partner of the firm in 1994.

External appointments:
Ian is Senior Independent Director of ASOS plc, and a Non-Executive Director of Intercontinental Hotels Group plc and Flutter Entertainment plc (previously known as Paddy Power Betfair plc). Ian is also Chairman of the Audit Committee of both ASOS plc and Intercontinental Hotels Group plc.

Qualifications:
Ian qualified as a chartered accountant in 1986.

Per Utnegaard

Independent
Non-Executive Director

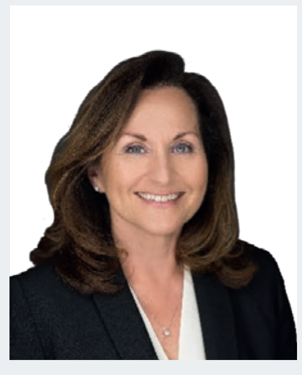
Per joined the SSP Board as an Independent Non-Executive Director in July 2015. Per brings considerable international business experience to the Board. Per was appointed as the Company's designated Non-Executive Director for employee engagement in April 2019 and further details on this role can be found on page 14.

Previous experience:
Per's previous roles include Group Wholesale Director and a member of the Group Board at Alliance UniChem plc, Senior Vice President, Corporate Business Development at Danzas Holding Limited (a subsidiary of Deutsche Post AG) and various senior positions at TNT Post Group.

Per has also been the Group President and the CEO of Swissport International Ltd, the Vice chairman of Swissport International AG, the Chairman of the Executive Board of Bilfinger SE and a Non-Executive Director of Xovis AG.

External appointments:
Per has been a Non-Executive Director of Alvest Holding since April 2019 and Saudi Ground Services Company since May 2019. He has also been a board member of the Swiss University Sports Federation since April 2016.

Qualifications:
Per graduated from Northern Michigan University with a Bachelor's degree in Business Administration and Marketing.



Judy Vezmar

Independent
Non-Executive Director

Judy joined the SSP Board as an Independent Non-Executive Director on 1 August 2020. Judy has extensive knowledge of running complex, international businesses, and brings significant expertise to the Board in the field of data and analytics having held senior leadership roles in the technology sector for many years, both in the US and internationally.

Previous experience:
Judy was previously Chief Executive Officer of LexisNexis International, a global provider of legal, regulatory and business information and analytics. Prior to LexisNexis, Judy held a number of executive leadership roles in sales, marketing and strategy within the Xerox Corporation in the United States and Europe.

Judy was also a Non-Executive Director of Rightmove plc from February 2006 to May 2015, serving on its Nomination, Audit and Remuneration Committees.

External appointments:
Judy is currently a Non-Executive Director and Chairman of the Remuneration Committee of Ascential plc and is also a business advisor to Gypsy Bean Coffee Roasters in Florida.

Qualifications:
Judy holds a degree in Marketing and Business from B.S. Marian University and an MBA from Columbia University.

Tim Lodge

Independent
Non-Executive Director

Tim joined the SSP Board as an Independent Non-Executive Director on 1 October 2020. Tim is an experienced public company CFO with a strong financial, accounting and audit committee background. He has significant international commercial experience and a track record of advising businesses with complex global operations and supply chains in the food and beverage sector.

Previous experience:
Tim brings relevant food and beverage sector and supply chain experience to the Board having held various positions with Tate & Lyle plc from 1988 to 2014, including six years as chief financial officer from 2008. He also more recently held Chief Financial Officer roles with COFCO International Ltd and the Nidera group, part of the COFCO International group.

External appointments:
Tim is currently a Non-Executive Director and Chairman of the Audit Committee of both Aryzta AG and Arco Limited.

Qualifications:
Tim holds an MA in Classics from the University of Cambridge and is CIMA qualified.

CORPORATE GOVERNANCE REPORT

The Board is responsible for leading the Company, for overseeing the governance of the Group, and for setting the tone for the Group's culture, values and standards.

UK Corporate Governance Code

Last year the Board welcomed the changes to corporate governance in the 2018 UK Corporate Governance Code (the 'Code'), which is the standard against which we are required to measure ourselves for year ended 30 September 2020.

The Code can be found on the Financial Reporting Council's website at www.frc.org.uk. The table below and this Corporate Governance Report (which forms part of the Directors' Report), together with the Audit Committee Report (pages 56 to 61, Statement by the Chairman of the Remuneration Committee and Directors' Remuneration Report (pages 62 to 85) and Strategic Report (pages 1 to 43), describes how the Board has applied the main principles of good governance set out in the Code during the year under review.

The Board considers that, save as disclosed below in respect of an external Board Evaluation and as disclosed in the Directors' Remuneration Report (see page 64) in respect of alignment of Executive Director pension contributions to the workforce, for the year ended 30 September 2020, the Company has complied with all the relevant provisions set out in the Code that are applicable to this reporting period.

In the 2019 Annual Report, we reported on some of the steps the Company had taken to implement the Code ahead of its application from 1 October 2019. Since the start of FY19/20, we have continued to review and update our governance framework to embed the new requirements of the Code. In particular the Board has focused on refreshing and reframing the Group's Corporate Responsibility Strategy, a key part of which has been considering how to best consider the interests of our broad stakeholder group, including colleagues, customers, clients, shareholders, brand partners and suppliers, communities, NGOs and governments and regulators when making business decisions. Further details on this can be found on pages 10 to 12.

Another key area for the Group, particularly considering the impact of Covid-19 on the business, has been the development of workforce engagement processes and fostering a culture that aligns to the Company's purpose, values and strategy (see pages 7 and 13 for further information on this).

How we govern the Company

Our governance structure comprises the Board and various committees (detailed below), supported by the Group's standards, policies and risk management and internal control framework, which are described in more detail in this report.

The Board leads the Group's governance structure and is assisted by three principal committees (Audit, Nomination and Remuneration), each of which is responsible for reviewing and dealing with matters within its own Terms of Reference. The minutes of all committee meetings are circulated prior to scheduled Board meetings.

The Company also has several executive management and business committees (Disclosure, Group Risk, Corporate Responsibility and Group Executive). These consider various specific matters for recommendation to the Board and its principal committees or to deal with day-to-day matters within the authority granted by the Board. Directors who are not members of individual Board committees may be invited to attend one or more meetings of those committees during the year.

The Chairman of each of the principal committees attends the AGM to respond to any shareholder questions that might be raised on committee activities.

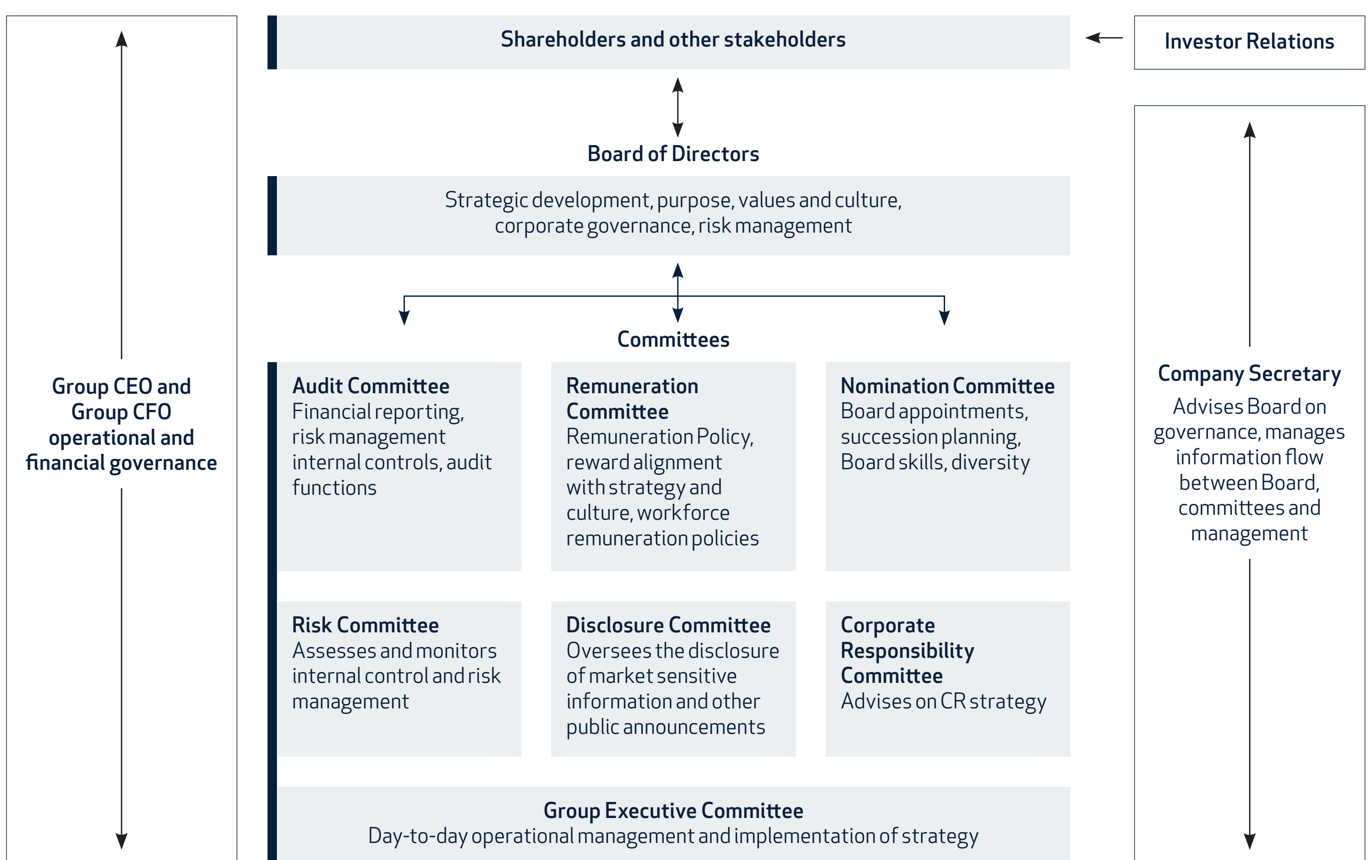
The Group General Counsel and Company Secretary acts as Secretary to all Board committees.

Our governance structure is supported by the Group's standards, policies and internal controls, which are described in more detail throughout the Annual Report.

Corporate Governance Code summary

Board leadership and Company purpose	The Board's overarching role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to the wider society. Having established the Company's purpose, values and strategy, the Board is now focused on ensuring that these matters and its culture are aligned. For details see pages 1 to 3 (culture, purpose and values), pages 1, 10, 11 and 55 (stakeholder engagement) and page 52 (AGM resolution update).
Division of responsibilities	The Board has a clear division of responsibilities between Board and business leadership and established lines of authority for each of the Board's committees. Governance arrangements are in place to ensure Code compliance. For details see pages 47 to 48 (composition, leadership and responsibilities).
Composition, succession and evaluation	The Board and Nomination Committee undertake regular composition reviews and succession planning. The Board undertakes an annual review of its effectiveness and that of its committees and individual Directors. For details see page 49 (Board effectiveness) and pages 53 to 54 (Nomination Committee activities).
Audit, risk and internal control	The Board, supported by the Audit Committee, is responsible for establishing appropriate risk management and internal control procedures, a key part of which is the identification and mitigation of risks in the context of the business as a whole. For details see page 60 (risk management and internal control) and pages 56 to 61 (Audit Committee).
Remuneration	The Board, supported by the Remuneration Committee, ensures that the Company's remuneration policies and practices support strategy and promote long-term sustainable success. Executive remuneration is set in alignment with Company purpose and values and is clearly linked to the successful delivery of our long-term strategy. For details see pages 62 to 85 (Directors' Remuneration Report and Remuneration Committee's chair's statement).

The Company's governance framework



The Board

Board changes and composition

The Board has seen significant change over the last two years. Following Kate Swann's departure with effect from 31 May 2019, Simon Smith was appointed as the new Group CEO with effect from 1 June 2019. Vagn Sørensen retired as Chairman of the Board with effect from the conclusion of the 2020 AGM. Mike Clasper joined the Board as an Independent Non-Executive Director and was also appointed as Chairman of the Nomination Committee, both with effect from 1 November 2019. Mike was subsequently appointed as Chairman of the Board following the conclusion of the 2020 AGM. The Board also welcomed the appointments of Judy Vezmar and Tim Lodge with effect from 1 August 2020 and 1 October 2020 respectively. Judy and Tim were appointed as Independent Non-Executive Directors and Judy serves as a member of the Board's Remuneration Committee with Tim serving as a member of the Board's Audit Committee.

As at 30 September 2020, the Board was made up of seven members, comprising the Chairman, two Executive Directors and four Non-Executive Directors. As at the date of this report, the Board comprises eight members following the appointment of Tim Lodge to the Board with effect from 1 October 2020.

Carolyn Bradley, Ian Dyson, Per Utnegaard, Judy Vezmar and Tim Lodge are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement (in light of the Corporate Governance Code requirements on independence), as was Mike Clasper on his appointment. The Board considers that the Non-Executive Directors bring their own senior level of experience gained in their own fields.

Carolyn Bradley is the Company's Senior Independent Director. The role of the Senior Independent Director includes acting as a sounding board for the Chairman, providing support to the Chairman and acting as an intermediary for the Non-Executive Directors, where necessary. The Board considers that Carolyn has the appropriate experience, knowledge and independence for the Senior Independent Director role, having held non-executive roles in various FTSE 250 and 100 companies since 2014 including as senior independent director at Marston's PLC since 2017. The Board also considers that she has the appropriate experience to chair the Remuneration Committee, having served on the remuneration committees of other listed company boards for more than 12 months prior to her date of appointment as Chair of the Remuneration Committee. Further details on Carolyn's experience can be found in the Director biography section on page 44.

CORPORATE GOVERNANCE REPORT CONTINUED

Per Utnegaard was appointed as the designated Non-Executive Director for engagement ('ENED') with the Company's workforce in April 2019. Per is responsible for gathering the views of all colleagues and representing these views at Board level. Per's role is to facilitate effective engagement with all colleagues and strengthen the link between workers and the boardroom. An engagement plan was underway, however given the Covid-19 pandemic and the various restructures around the organisation, this has now been revised. Agreed activity will be rolled out over the course of FY20/21 and reported on in the 2021 Annual Report. Further information on the role of the ENED can be found on page 14.

Biographical details of each of the Directors currently in office are shown on pages 44 and 45. The Company's policy relating to the terms of appointment and the remuneration of both the Executive and Non-Executive Directors is detailed in the Directors' Remuneration Report.

Responsibilities

The Board is accountable to shareholders for managing the Company in a way which promotes its long-term sustainable success, generating value for shareholders and contributing to wider society. In carrying out that role it is primarily responsible for:

- Determining the strategic development of the Group and overseeing the implementation of such strategy by the Group CEO;
- establishing and promoting the Group's purpose, values and strategy and ensuring that these and its culture are aligned;
- Ensuring that the Company's obligations to its shareholders and stakeholders are understood and met (and in doing so ensuring effective engagement with, and encouraging participation from, these parties);
- Monitoring the Company's culture and reviewing whistleblowing reports;
- Ensuring that the Company's workforce policies and practices are consistent with the Company's values and support its long term sustainable success; and
- The Group's systems of risk management and internal control and for reviewing the effectiveness of such systems (with the support of the Audit Committee which oversees the risk management process and oversees internal controls on the Board's behalf). Details of the Group's systems of risk management and internal control (including financial controls, controls in respect of the financial reporting process and operational and compliance controls) can be found in the Strategic Report on pages 32 to 34, and Audit Committee Report on pages 56 to 61.

The Board has established a procedure for Directors, if deemed necessary, to take independent professional advice at the Company's expense in the furtherance of their duties. Every Director also has access to the General Counsel and Company Secretary, who is charged with ensuring that Board procedures are followed and that good corporate governance is implemented throughout the Group. Together with the Group CEO and the General Counsel and Company Secretary, the Chairman ensures that the Board is kept properly informed and is consulted on all issues reserved to it. Board papers and other information are distributed in a timely manner to allow Directors to be properly briefed in advance of meetings.

The roles of the Chairman, Group CEO and Senior Independent Director are separate and clearly defined in accordance with the division of responsibilities set out in writing and agreed by the Board. A copy of the division of responsibilities is available on the Company's investor relations website (www.foodtravelexperts.com).

Board meetings

The Board manages the business of the Company through a formal schedule of matters reserved for its decision and in doing so it receives routine financial and operating reports to allow it assess progress against the above responsibilities. The schedule is reviewed annually and it was last amended in September 2019.

The significant matters reserved for its decision include:

- The overall management of the Company;
- Approval of the business model and commercial strategy and operating and capital expenditure budgets;
- Oversight of financial reporting and controls including approval of the Annual Report, financial statements, and dividend policy;
- Control, audit and risk management, corporate governance;
- Material agreements, acquisitions and disposals and non recurring projects and treasury matters;
- Board membership, appointments, executive remuneration and review of Remuneration Policy; and
- Corporate responsibility.

The Board has a forward looking timetable to ensure that it allocates sufficient time to key areas of business and to allow sufficient time for debate and challenge. The agenda is run with flexibility to adjust the agenda as needed (for example during the Covid-19 pandemic).

Please see page 86 for details of the powers conferred on the Directors in relation to issuing or buying back shares.

The Board's annual business includes:

- Group CEO's reports, including business reports;
- Group CFO reports, including financial results, capital structure and investor relations updates;
- Strategy setting and updates, including in-depth sessions on specific areas of the business and strategic initiatives;
- Stakeholder engagement;
- Assessment of progress made by the Group against its Corporate Responsibility Strategy;
- Assessment and monitoring of the Company's culture;
- Talent review and succession planning;
- Consideration of potential acquisitions and substantial contracts;
- Governance and compliance matters including risk management and assessment; litigation update, health and safety, whistleblowing and the Annual Report;
- Financing arrangements, dividend policy; and
- Composition, conflicts and Board Evaluation.

Meeting attendance during the year

The Board meets regularly during the year, as well as on an ad hoc basis, as required by business need. The Board met 12 times between 1 October 2019 and 30 September 2020 and attendance at these meetings is shown in the table below. The increased number of meetings compared to previous years reflects the increased role taken by the Board at the outset of the Covid-19 crisis.

The following table shows the attendance of Directors at meetings of the Board, Audit, Nomination and Remuneration Committees in the year ended 30 September 2020:

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mike Clasper* (Board and Nom Co Chair)	11 of 11	–	5 of 5	–
Vagn Sørensen**	3 of 4	–	1 of 3	–
Simon Smith	12 of 12	–	–	–
Jonathan Davies	12 of 12	–	–	–
Carolyn Bradley (Rem Co Chair)	12 of 12	4 of 4	6 of 6	5 of 5
Ian Dyson (Audit Co Chair)	11 of 12	4 of 4	6 of 6	5 of 5
Per Utnegaard	12 of 12	4 of 4	6 of 6	5 of 5
Judy Vezmar***	1 of 1	–	–	1 of 1

* Mike Clasper was appointed to the Board and Nomination Committee from 1 November 2019. Mike attended all 11 Board meetings and all 5 Nomination Committee meetings held following his appointment.

** Vagn Sørensen retired from the Board following the conclusion of the 2020 AGM in February 2020. Vagn attended 3 out of 4 Board meetings, and 1 out of 3 Nomination Committee meetings held prior to his retirement from the Board. Vagn did not attend all of the meetings for reasons concerning potential conflict of interest regarding the appointment of his successor.

*** Judy Vezmar was appointed to the Board and Remuneration Committee from 1 August 2020. Judy attended the 1 Board meeting and 1 Remuneration Committee meeting held following her appointment.

The table shows the number of meetings attended out of the number of meetings that each Director was eligible to attend. Directors who are not members of individual Board committees have also been invited to attend one or more meetings of those committees during the year.

Director effectiveness and training

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. In this light, and in accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team, and ensures that each Director refreshes and updates his or her individual skills, knowledge and expertise. Directors are also provided with updates as necessary on relevant legal, regulatory and financial developments, changes in best practice and environmental, social and governance matters, delivered by the General Counsel and Company Secretary and others.

Meetings between the Non-Executive Directors, both with and without the presence of the Chairman and the Group CEO, are scheduled in the Board's annual programme. Board meetings are also held at Group business locations when possible to help all Board members gain a deeper understanding of the business, and to provide senior managers from across the Group with the opportunity to present to the Board, as well as to meet and interact with the Directors on more informal occasions. This has been somewhat curtailed in the second half of FY19/20 given the Covid-19 pandemic and most Board meetings during this period have taken place online, but it is hoped that this valuable practice will resume when circumstances allow.

A formal, comprehensive and tailored induction is given to all Non-Executive Directors following their appointment, including visits to key locations within the Group and meetings with members of the Group Executive Committee and other key senior executives. The induction also covers a review of the Group's governance policies, structures and business, including details of the risks (including environmental, social and governance risks) and operating issues facing the Group. On joining the Board, Judy Vezmar and Tim Lodge both received initial tailored inductions to ensure that they understand the main areas of business activity and the key risks and issues facing the Group. Judy and Tim's induction will continue over the next year with meetings with the Board members and other key senior executives and advisors. It is hoped that site visits to key locations within the Group can be planned in the latter half of FY20/21 but this is dependent on the status of the Covid-19 pandemic.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders and further details of the shareholder engagement programme are set out on page 54.

CORPORATE GOVERNANCE REPORT CONTINUED

Succession planning and culture

Succession planning is a matter for the whole Board, rather than for a committee. During the year ahead, the Board will continue to focus on its succession planning and talent review cycle (in conjunction with the Nomination Committee) to assess and ensure the readiness of internal candidates for all key roles across the business. The Company's Articles of Association provide that at every Annual General Meeting ('AGM'), each Director shall retire and seek re-election. New Directors may be appointed by the Board but are subject to election by shareholders at the first AGM after their appointment.

The Articles of Association limit the number of Directors to not less than two, save where shareholders decide otherwise. The Articles of Association may be amended by special resolution of the shareholders. Non-Executive Directors are normally appointed (subject to annual re-election by shareholders at the AGM) for an initial term of three years which is reviewed and may be extended for a further three years. The Board may then invite Non-Executive Directors to serve for a further additional period.

The Board is committed to leading from the top when it comes to governance, values, culture and leadership, recognising that these are key considerations for a strong sustainable business. The Company's values and culture are a key feature of the Board's discussions and the Board will continue to work with the management team to align culture and behaviours with the Company's purpose, values and strategies. As part of this work, the Company has been developing a new 'People strategy', which puts in place plans for retention, engagement and development of our people with a strong emphasis on culture. Further details on the People strategy are provided on page 13.

Board Evaluation

The Chairman is responsible, with assistance from the Nomination Committee, for ensuring that the Company has an effective Board with an appropriate range of skills, expertise and experience. Every year, a performance evaluation of the Board, its committees, the Chair and the individual Directors is carried out to ensure that they continue to be effective, that each of the Directors demonstrates commitment to his or her respective roles and has sufficient time to meet his or her commitment to the Company. The Board Evaluation process allows the Chair to consider the composition and diversity of the Board and its committees.

Review process

An independent formal external Board Evaluation is required under the Code to be conducted at least every three years and, as noted in the Company's 2019 Annual Report, it was intended that an external evaluation would take place during FY19/20. As a result of the outbreak of Covid-19 and the significant challenges this had caused the Company and its management team, it was agreed at the Board meeting in July 2020 that the external evaluation process would be postponed until 2021.

Accordingly, a formal internally facilitated evaluation was carried out over the course of July, August and September 2020. The Board intends to undertake an independent formal external Board Evaluation in 2021.

Scope and nature of review

The evaluation process was coordinated and directed by the Chairman with the support of the Company Secretary. A detailed questionnaire was circulated to each member of the Board and the Company Secretary and individual feedback formed the basis of in-depth interviews with the Chairman, the Senior Independent Director, the Company Secretary and each of the Directors. The Chairman also undertook a rigorous review with each of the Directors to assess their performance and commitment to the role and to provide feedback on fellow Board members' performance.

The Chairman then led a discussion with the Senior Independent Director, the Company Secretary and the Chair of each committee to consider responses and the action points and recommendations to the Board. The findings were presented to the Board at its September 2020 meeting.

The discussion of the performance of each of the Chairman, the Group CEO and the Senior Independent Director was also undertaken by the Non-Executive Directors (without the Chairman being present for the Chairman's evaluation, without the Group CEO being present for the Group CEO's evaluation and without the Senior Independent Director being present for the Senior Independent Director's evaluation) as part of the September 2020 Board meeting.

Findings of review

The findings of the evaluation were considered by the Board and confirmed the important role performed by the Board in supporting management through the unprecedented and rapidly escalating impact of the Covid-19 pandemic on the Company. Additionally the culture and dynamic of the Board was considered to be constructive with open and inclusive dialogue between the Non-Executive and Executive Directors, all of which has been enhanced by the recent changes in both Chairman and Group CEO.

The main areas considered during the Board Evaluation were (i) the size and composition of the Board, (ii) the skills and experience of each of the Directors, (iii) the contribution of the Directors, (iv) shareholder and wider stakeholder engagement and (v) the performance of the committees. The outcomes and recommendations from the 2020 evaluation process are set out in the table below.

Key area	Outcomes and recommendation
Board size, composition, diversity and skillset	Good progress made with regard to the size and composition of the Board. A review of Non-Executive Director succession planning, together with a skill mapping exercise should be undertaken to identify any gaps/areas for development to maximise Board effectiveness. Nomination Committee to agree a Board diversity statement and formal policy for adoption by the Board. Furthermore, following recent structural changes to the business in light of Covid-19 and an increased focus on diversity generally, Nomination Committee to revisit its Equality Policy and agree updated Group wide diversity policies for adoption by the Board.
Strategy	The Group's strategy continues to be clearly defined and well communicated. Board to continue to consider length of strategy meetings to allow time for the Board to consider and discuss wider-ranging issues and provide for more extensive debate. Further consideration to be given to engaging and consulting with the Non-Executive Directors in advance of any strategy meeting.
Non-Executive Director interaction with Executive Committee and senior management	Subject to Covid-19 constraints, identify further opportunities for interaction with wider management to be built into the annual Board calendar. Resume (where possible) overseas Board meetings/visits at least twice per year and use these as opportunities to introduce the Board to local management and talent. In addition, all the Non-Executive Directors should consider, whenever appropriate, using any other overseas business travel they have planned to also carry out independent, informal visits to SSP business units.
Risk management and other matters	Further focus to be given to these areas and, in particular, to develop the quality of reporting on health and safety matters including food safety.
Audit/Rem Committee skillset/experience	The Audit and Remuneration Committee skillsets and experience to be further reviewed during the skill mapping exercise referred to above.
Individual Director performance reviews	Further consideration to be given to the format of the individual Director performance reviews to ensure that they are an effective assessment tool.

Update on 2019 Board Evaluation

Key area	Outcomes and recommendation	Update
Board size and composition	The Nomination Committee should continue to determine the optimal size and composition of the Board and the expertise and skillset of the Directors needed for the Board to operate effectively.	Board size and composition improved with the appointments of Mike Clasper, Judy Vezmar and Tim Lodge.
Succession planning	The Board and the Nomination Committee should continue to focus on greater transparency, forward planning and effective communication around succession planning.	Succession planning has improved over the course of FY19/20 with the Director appointments referred to above and the processes and planning that were involved in this regard.
Strategy	The Board should consider the option of holding a dedicated annual strategy event or extending the strategy event to allow more time for the Board to consider and discuss wider-ranging issues and provide for more debate.	Ongoing.
Governance of Board and committee meetings	The Chairman should ensure the length of meetings allows sufficient time for thorough discussions and that Board papers are issued in a timely manner.	Ongoing.
Remuneration Committee	The current Chair of the Remuneration Committee has taken positive steps to address the issues arising from the significant vote against the FY 18/19 Remuneration Report including engaging with shareholders. This will continue to be monitored throughout FY 19/20.	Ongoing engagement with shareholders regarding remuneration matters.

CORPORATE GOVERNANCE REPORT CONTINUED

Director performance

As part of the Board Evaluation process, the performance of each of the individual Directors was considered. Following the evaluation of the Chairman, the Group CEO and the Senior Independent Director, the Non-Executive Directors consider that each of the Chairman, the Group CEO and the Senior Independent Director is effective. The Non-Executive Directors consider that the Chairman provides effective leadership of the Board and exerts the required levels of governance and control. They also consider that the Group CEO has provided effective management of the business since his appointment to the role on 1 June 2019 and that the Senior Independent Director continues to perform well. The Non-Executive Directors will continue to review the roles of the Chairman, the Group CEO and the Senior Independent Director in the year ahead.

Further, the Chairman considers that (i) each Director is effective, demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company and (ii) both the Board and its committees continue to provide effective leadership and exert the required levels of governance and control. The Board will continue to review its procedures, effectiveness and development in the year ahead. Any specific areas for development for the individual Directors were fed back to the respective Directors as part of the 2020 Board Evaluation process.

Shareholder feedback

The Board gathered feedback from shareholders following the outcome of the vote to approve the Remuneration Report at the 2020 AGM and it was clear that a key area of concern related to the leaving arrangements for our former Group CEO, Kate Swann. The Board agreed that Kate's employment would end on 31 May 2019 as it recognised the importance of a smooth transition and believed that the most appropriate time for our current Group CEO to take over the business would be following the half year results announcement. Termination arrangements were agreed with this as the priority.

The Board recognises the importance of engaging with the Group's shareholders and last year undertook extensive consultation around the operation of our Remuneration Policy and our approach to disclosure in the Annual Report. Following these consultations, the Committee has substantially improved its approach to disclosure in the Directors' Remuneration Report. We remain keen to encourage an ongoing dialogue with our shareholders and value active participation in that process. We have worked with our shareholders on our new Remuneration Policy as further described in the Statement by the Chairman of the Remuneration Committee and the Directors' Remuneration Report on pages 62 to 85.

External Board appointments

As part of their ongoing development, both the Group CEO and the Group CFO may each seek one, external non-executive role on a non-competitor board, for which they may retain remuneration in respect of the appointment. In order to avoid any conflict of interest, all appointments are subject to the Board's approval and the Board monitors the extent of Directors' other interests to ensure that its effectiveness is not compromised. There were no additional external appointments undertaken by any Board members throughout the FY19/20 year.

Conflicts of interest

Each Director has a duty under the Companies Act 2006 to avoid a situation in which he or she has, or could have, a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company. This duty is in addition to the obligation that he or she owes to the Company to disclose to the Board his or her interest in any transaction or arrangement under consideration by the Company. The Company's Articles of Association authorise the Directors to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent Directors (i.e. those who have no interest in the matter under consideration) will be able to take the relevant decision, and in taking the decision the Directors must act in good faith and in a way they consider will be most likely to promote the Company's success. Furthermore, the Directors may, if appropriate, impose limits or conditions when granting authorisation.

Any authorities are reviewed at least every 12 months. The Board considered and authorised each Director's reported actual and potential conflicts of interest at its September 2020 Board meeting.

Committees of the Board

Principal committees

The Board has established a number of committees to assist in the discharge of its duties, and the formal Terms of Reference for the principal committees, approved by the Board and updated for the 2018 Code, are available from the General Counsel and Company Secretary and also on the Company's website. The Terms of Reference are reviewed annually and updated where necessary.

- Membership and details of the principal committees are shown on pages 44 to 45, 49, 53 to 54, 56 to 61 and 62 to 85.
- Details of the attendance of the committee members at each meeting are set out in the table on page 49 above. The Directors' Nomination Committee Report is set out on pages 55 to 56 and includes details of the Nomination Committee's activities during the year.
- The General Counsel and Company Secretary acts as Secretary to all Board committees.
- The Audit Committee's Report is set out on pages 56 to 61 and includes details of the Audit Committee's responsibilities and activities during the year.
- The Directors' Remuneration Report is set out on pages 62 to 86 and includes details of the Remuneration Committee's activities during the year and the Company's policy on remuneration.

Executive management and business committees

The Company has also established the following management and or business committees, which are not considered principal Board committees.

Group Executive Committee

The Group Executive Committee is made up of the Executive Directors and senior management (comprising regional Chief Executive Officers and functional heads). The Executive Committee is chaired by the Group CEO and meets on a monthly basis. It is responsible for developing and executing the Group's strategy, capital expenditure and investment budgets, and reporting on those areas to the Board for approval; implementing Group policy, monitoring financial, operational and quality of customer service performance, health and safety, purchasing and supply chain issues, succession planning, and day-to-day management of the Group.

Risk Committee

The Group Risk Committee is responsible for risk management. It is made up of the Group CFO and senior management. It meets quarterly and reports to the Audit Committee. Further details of the Risk Committee are set out in the Strategic Report on pages 32 and 34.

Disclosure Committee

The Disclosure Committee is responsible for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation and the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparent Rules. It is made up of the Group CEO, the Group CFO and the General Counsel and Company Secretary. It meets on an ad hoc basis and reports to the Board.

Executive CSR Steering Committee

The Corporate Responsibility Steering Committee, which is chaired by the Group CEO, is responsible for guiding the ongoing development of our strategy and monitoring performance against our KPIs.

Nomination Committee Report

The following section constitutes the Directors' Nomination Committee Report.

Key responsibilities

The Nomination Committee reviews the structure, size and composition of the Board and its committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and the appointment of members to the Board's committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity and sets measurable objectives and the policy for Board and senior management diversity. The Nomination Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nomination Committee also advises the Board on succession planning for Director appointments and maintains oversight of a diverse pipeline for succession, although the Board itself is responsible for succession generally. In addition, the Nomination Committee advises the Board on significant developments in the law and practice of corporate governance within its area of expertise.

The Nomination Committee's key objective is to ensure that the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities. The 2019 Board Evaluation highlighted Board size, composition and succession planning as areas for development, and these continued to be areas of focus for the Board and the Nomination Committee during FY19/20. Both the Nomination Committee and the Board have continued to consider the leadership needs of the Group, together with the skills and experience needed from its Directors going forward. The Committee oversaw the process of identifying and recommending the appointment of Judy Vezmar and Tim Lodge to the Board. Earlier in the year, the Committee, led by the Senior Independent Director, oversaw the process of identifying and recommending the appointment of Mike Clasper as an Independent Non-Executive Director and Chairman designate.

The 2020 Board Evaluation recognised that considerable progress had been made during the year with regard to Board size, composition, diversity and skillset, with the various Board appointments. Whilst it was acknowledged that the gender, diversity and experience of the Board could be further strengthened, it was agreed that this should form part of a plan going forward which would be subject to the speed and level of business recovery. Further details about how the evaluation was conducted and its outcomes can be found on page 50.

As noted in the Corporate Responsibility Report, the Group is committed to equal opportunities and non-discrimination throughout the business, including in its approach to appointing Board members. Diversity and inclusion are key areas for the Board. Our Equality Policy outlines our expectation that all of our colleagues should be treated with respect and be able to work in an environment in which they can realise their potential, free of harassment and discrimination in any form, regardless of their gender, race, religion, disability, age or sexual orientation. We provide training and guidance to our colleagues to ensure they understand and comply with this policy. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

One of the ways in which we measure the success of our approach to diversity and inclusion is by monitoring the number of women in senior management roles. As noted on page 14, as at 30 September 2020, 29% of our Board of Directors were female and 23% of senior management roles filled by women. In addition, we also seek to support minority groups within our business, for example through SSP America's partnership with www.diversityjobs.com. With regard to the Hampton Alexander Review, the Board is committed to improving our current Board gender balance.

The Group believes that diversity, including gender and race diversity, but also diversity of experience and backgrounds, is important not only in the business generally, but also with respect to each Board member. In order to help ensure the Board has the appropriate balance of skills and attributes required for effective decision making and strategy, Board appointments are made on merit with due regard to diversity. The Company (and therefore the Nomination Committee) currently does not have set targets for the composition of the Board, the view being that all employees should have an equal chance of progressing their careers within the Company and so that the most appropriate people are appointed to the Board.

The Company acknowledges that whilst it does have an Equality Policy in place, there is work to be done regarding updating this policy and the way it is implemented, along with the wider Group's diversity and inclusion policies and procedures, in each case, to reflect in particular the Company's new values and updated Corporate Responsibility Strategy. Diversity and inclusion will be a focus area for the Nomination Committee during FY20/21 and has formed a part of the Company's new People strategy. As part of its ongoing work regarding diversity and inclusion and given the recent changes to the Board, the Nomination Committee will develop a written Board diversity statement or policy for adoption by the Board over the course of the FY 20/21 year. Additionally, following recent structural changes to the business in light of Covid-19 and an increased focus on diversity and inclusion generally, the Nomination Committee will review the existing diversity policies with a view to developing new and updated Group wide policies, to be adopted by the Board over the course of the year. Following this process, we will provide an update in our 2021 Annual Report including on the Group's policies on diversity inclusion, the policies' objectives and linkage to Company strategy and details on how it has been implemented and the progress made on achieving the objectives.

Membership as at 30 September 2020

Chairman: Mike Clasper

Members: Ian Dyson, Carolyn Bradley, Per Utnegaard.

Changes: Mike Clasper became a member with effect from 1 November 2019 and succeeded Vagn Sørensen as Chairman of the Committee with effect from 1 November 2019.

Details of the committee meetings held and attendance of the committee members at each meeting are set out in the table on page 49.

Activities of the Nomination Committee

Matters the Nomination Committee considered during the year include:

- Assessing the composition of the Board and its committees;
- Talent management and succession planning;
- The appointment of Mike Clasper as an Independent Non Executive Director and Chairman designate of the Company;
- The renewal of Ian Dyson's letter of appointment;
- The appointment of Judy Vezmar and Tim Lodge as Independent Non-Executive Directors;
- Reviewing the outcomes and actions of the 2019 Board Evaluation and linking this into Board composition and succession planning; and
- Carrying out the annual review of its Terms of Reference.

CORPORATE GOVERNANCE REPORT CONTINUED

Board appointment process

The Company adopts a formal, rigorous and transparent procedure for the appointment of new Directors and senior executives with due regard to diversity. Prior to making an appointment, the Nomination Committee will evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and, in light of this evaluation, will prepare a description of the role and capabilities required, with a view to appointing the best-placed individual for the role.

In identifying suitable candidates, the Nomination Committee:

- uses open advertising or the services of external advisors to facilitate the search;
- considers candidates from different genders and a wide range of backgrounds; and
- considers candidates on merit and against objective criteria, ensuring that appointees have sufficient time to devote to the position, in light of other significant commitments.

During FY19/20, the Committee approached Russell Reynolds (which has no other connection with the Company) to assist with the search to identify suitable candidates to join the Board. The Committee prepared detailed role specifications including the expected time commitment and duties to be performed, following a review of the required skills, knowledge, experience and diversity to enhance the composition of the Board. Mike Clasper, as Chairman of the Committee, submitted a short-list of candidates to the other members of the Nomination Committee and the Group CEO. Following a thorough review process which considered the time commitments of the roles against other demands on the candidates' time, the Board's approach to diversity and the geographic representation amongst the Board, the Committee recommended that both Judy Vezmar and Tim Lodge be appointed to the Board as Non-Executive Directors of the Company. The Board accepted the recommendations and, accordingly, Judy and Tim were appointed as Non-Executive Directors with effect from 1 August 2020 and 1 October 2020 respectively.

In the year ahead, the Nomination Committee will continue to assess the Board's composition and how it may be enhanced. The Committee will consider diversity (gender, ethnicity and experience) and geographic representation, and will use independent consultants as appropriate to ensure a broad search for suitable candidates.

Shareholder relations

The Company values the views of shareholders and recognises their interests in the Group's strategy and performance.

Substantial shareholdings

Details of the substantial shareholdings can be found on page 89 of the Directors' Report.

Rights and obligations attaching to shares

Details of the rights and obligations attaching to shares can be found on page 88 of the Directors' Report.

Communicating with shareholders

The Company places considerable importance on communication with its shareholders, including its private shareholders. The Group CEO and the Group CFO are closely involved in investor relations supported by the Group's investor relations function, which has primary responsibility for day-to-day communication with investors. The views of the Company's major shareholders are reported to the Board by the Group CEO and the Group CFO, as well as by the Chairman and the Senior Independent Director, and are discussed at its meetings.

The Board recognises the importance of promoting mutual understanding between the Company and its shareholders through a programme of engagement. This includes the maintenance of a regular dialogue between the Board (including the Chairman) and senior management, and major shareholders. As part of this dialogue, the Executive Directors and the Director of Corporate Affairs regularly meet with institutional investors to make presentations on the Company's results. Further information on how we engage with shareholders and how we have continued to engage with shareholders throughout the Covid-19 pandemic can be found on page 10.

The Chairman of each of the committees engages with shareholders in relation to significant matters related to their areas of responsibility and this communication has continued despite Covid-19. For example, see page 64 for an update on how Carolyn Bradley, as Chairman of the Remuneration Committee, engaged with shareholders regarding remuneration related matters throughout the year. The AGM provides an opportunity for all shareholders to meet the Board and raise any questions that they may have. Further information on the arrangements for the 2021 AGM can be found on page 90. The Notice of AGM is circulated to shareholders at least 20 working days prior to the AGM, and it is Company policy not to combine resolutions to be proposed at general meetings insofar as they relate to separate issues. The results of proxy voting for and against each resolution, as well as abstentions, are announced to the London Stock Exchange and are published on the Company's website shortly after the AGM.

The primary method of communication with shareholders is by electronic means, helping to make the Company more environmentally friendly by reducing waste and pollution associated with the printing and posting of its Annual Report. The SSP Group Annual Report and Accounts 2020 is available to all shareholders and can be accessed via the Company's website at www.foodtravelexperts.com. The Group's annual and interim results announcements are also published on the Company's website, together with other announcements and documents issued to the market, such as trading updates and presentations. The website also provides shareholders and the wider stakeholder community with an archive of information on the Company, including governance details, policies and up-to-date share price information. Enquiries from shareholders may also be addressed to the Group's investor relations function through the contacts provided on the Group's website.

Stakeholder engagement and Board decision making

A summary of the Group's key stakeholders, their expectations and how the Group has engaged with them is set out on page 10. The below table sets out how the Board engages and is kept informed of key stakeholder interests and page 11 provides specific examples of how stakeholder interests and the matters set out in Section 172 of the Act were considered in key Board discussions and decision-making in FY19/20.

Our stakeholders	How the Board is kept informed
Our colleagues	The Board is provided with regular updates regarding the Group's employees. For example, the results of engagement surveys and proposed recommendations are reported to the Board as are succession planning, culture, and talent development initiatives. Colleagues across the business were consulted as part of a programme to review and relaunch our Group Values. Each country was asked to hold focus group sessions to gather feedback from colleagues across different levels. The feedback formed the basis for a new set of five Group Values which were reported to the Board. The review of workforce engagement policies and procedures, monitoring of culture and whistleblowing reports are built into the Board's corporate calendar. Per Utnegaard was appointed as the designated Non-Executive Director responsible for workforce engagement and further information on this is set out on page 14. The Group encourages employees to become shareholders by participating in the Company's UK and International Share Incentive Plans. The Board is updated on the plans and approves the terms on an annual basis.
Our customers	The Board receives regular updates on customers from the Executive Directors, members of the Executive Committee and the Group Commercial and Business Development teams. The Board is informed of sales performance, customer and market insights, including evolving needs and trends. This assists the Board in developing and maintaining its understanding of the Group's customers as well as potential issues and opportunities.
Our clients	The Board receives regular updates on the Group's clients from the Executive Directors, through updates from members of the Executive Committee and the Group Commercial and Business Development teams. For example, the Board is regularly informed of the pipeline of business including any renewals, new wins or losses and any client or country specific issues or opportunities.
Our shareholders	See above under the 'Shareholder Relations' section on page 54.
Our brand partners and suppliers	The Board receives regular updates on brand partners and suppliers from the Executive Directors, through updates from members of the Group Executive Committee and the Group Commercial and Business Development teams. The Board is kept informed of key changes to brand partner and supplier relationships and on supply chain logistics and opportunities for value creation in the supply chain. There is also a modern slavery compliance process in place which is signed off by Board.
Our communities	Half yearly corporate responsibility reports which cover the Group's activities with its communities and environment are built into the Board's corporate calendar. The Board is kept informed of these activities primarily through the Group CEO who chairs the Corporate Responsibility Steering Committee, and is responsible for guiding the ongoing development of our strategy and monitoring performance against our KPIs. The work of the SSP Foundation is also reported to the Board and further information on this can be found on page 15.
NGOs	The Group regularly engages with NGOs who provide guidance on key areas of our sustainability strategy and the Group's work on ESG matters. Understanding NGO expectations has contributed to positive progress against key areas, such as animal welfare and food waste. The Board is kept updated on this and of the views of NGOs in the Corporate Responsibility reports and strategy.
Government and regulators	The Board is regularly updated by the Company Secretary and General Counsel, other specialists within the business and also external advisors on the activities and actions of government bodies and regulators relevant to the Company's business and the legal and regulatory landscape within which it operates. Regular corporate governance and regulatory development updates are provided to the Board.

AUDIT COMMITTEE REPORT

The Committee has continued to play a key role in SSP's governance and risk management structure, providing important challenge and oversight on behalf of the Board. Unlike in previous years, this oversight has taken place against the backdrop of the Covid-19 pandemic and its unprecedented impact on the business.

Ian Dyson
Chairman, Audit Committee
16 December 2020

Dear Shareholder

On behalf of the Audit Committee (the 'Committee'), I am pleased to present its report for the year ended 30 September 2020.

During the year, the Committee has continued to play a key role in assisting the Board in discharging its oversight responsibility. As in previous years, its focus has been on monitoring the integrity of the Group's financial reporting, internal control and risk management systems, reviewing the effectiveness of internal and external audit programmes, overseeing business conduct and ethics and ensuring that the Group's processes and controls prevent the facilitation of tax evasion. Unlike in previous years however, this activity has taken place against the backdrop of the Covid-19 pandemic, and its unprecedented impact on the business, its finances and its people.

The development of Covid-19 obviously introduced a significantly heightened level of risk in a number of areas, in particular in relation to the health and safety of our colleagues and customers, to our ability to operate our units and to the financial performance of the business. Maintaining sufficient liquidity and covenant headroom has emerged as a significant new risk for the Group, particularly when planning for a range of scenarios amid ongoing uncertainty around the precise timing of the recovery in our markets. Further details of these risks and their mitigating controls are set out on pages 33 to 37 of this report.

As the impact of Covid-19 on the Group became apparent, the Committee worked with the Board and management to adapt normal financial and operational controls and governance processes such that they remained effective and appropriate for the new business environment. Such adjusted controls were kept under regular review by our Risk Committee, our internal audit function and by the Committee. In addition, our finance teams across the Group have had to quickly adapt to the restrictions that remote working imposed, ensuring that the Group's financial control environment was maintained despite the challenges presented. This year, the decision was made to delay our interim results (by three weeks) and full year results (by four weeks) in line with advice from the UK regulator to extend reporting timescales to allow time to deal with the challenges facing companies adversely impacted by Covid-19.

Alongside its impact on the operations of the Group, the emergence of Covid-19 has also increased the degree and complexity of judgemental decisions that needed to be reflected in our financial statements. Furthermore, this year saw the first time application of IFRS 16, which has had a very material impact on the financial statements, and also involved the exercise of judgement in several areas, notably in the assessment of lease term where termination options are included in a number of property leases. The Audit Committee has played an important role in challenging management on the appropriateness of the judgements made. In addition, the Committee has focused on the completeness and accuracy of the initial recognition of right-of-use (ROU) assets and lease liabilities on transition to IFRS 16 and the key management judgements to compute these balances. Covid-19 has provided a specific trigger for impairment of fixed assets and ROU assets. Together with the recoverability of goodwill, the Committee also reviewed the exercise performed by management to determine the recoverability of these assets for all material cash-generating units (CGUs). Review of going concern and viability assessment has also remained a key area of focus.

The Committee seeks to balance independent oversight of matters within its remit, with providing support and guidance to management. I am confident that the Committee, supported by members of senior management as well as the internal and external auditors, has carried out its duties effectively and to a high standard during the year, particularly given the challenging circumstances following the emergence of Covid-19.

Composition and meetings

The Committee held four meetings during the year and comprises myself and two other independent Non-Executive Directors namely, Per Utnegaard and Carolyn Bradley. Attendance at these meetings is shown on page 49. As Chairman, I have recent and relevant financial experience through my past roles as a Chief Executive Officer and Group Finance Director of publicly quoted companies. Since the financial year end, Tim Lodge, has been appointed to the Board and as a member of the Committee. Tim brings a wealth of public company financial and audit committee experience that will serve the Committee well as the Group navigates its way through the pandemic and our recovery from it. The expertise and experience of the members of the Committee (including Tim Lodge) is summarised on pages 44 and 45 and reflects the competence of the Committee as a whole relevant to the sector. The Company Secretary, Helen Byrne, acts as Secretary to the Committee.

At the Committee's request, the Chairman of the Board, the Group Chief Financial Officer and senior members of the SSP Group finance and business controls departments attend meetings of the Committee, together with senior representatives from the internal and external auditors. The Committee holds private sessions with the internal and external auditors without management being present. I regularly keep in touch with the Group Chief Executive Officer, the Group Chief Financial Officer and the Company Secretary. I also meet privately with both the internal and external auditors and provide regular updates to the Board on the key issues discussed at the Committee's meetings.

The Committee receives independent assurance from the Group's internal audit function, which is outsourced to Deloitte, and also receives updates from the external auditors across a wide range of issues. The Committee is further supported by the Risk Committee which meets quarterly and is chaired by the Group CFO.

The Audit Committee's performance evaluation was undertaken as part of the wider Board Evaluation process set out on pages 50 and 51 of the Corporate Governance Report.

The terms of reference of the Committee can be found at www.foodtravelexperts.com.

Overview of the year

During the year, the Audit Committee has:

- reviewed the Group's risk assessment, with particular focus on the risks which were deemed to have increased, either in likelihood or impact, along with the supporting action plans to mitigate the risks. In 2020, two new risks were added regarding liquidity and funding and the impact of Covid-19. Other areas of particular focus included the impact of Brexit, which has continued to be a high risk area for the UK business, information security and stability, and compliance with various pieces of legislation (for example, GDPR, the Criminal Finances Act, the Modern Slavery Act and the Bribery Act);
- agreed the scope of both the external and internal annual audit programmes, reviewed the outputs and monitored the effectiveness of the internal and external audit process, and evaluated the internal audit strategic risk assurance process and its role;
- reviewed and monitored the external auditor's independence and objectivity; the policy on engagement with the external auditor to supply non-audit services has remained unchanged;
- overseen the relationship with the external auditor and made recommendations to the Board in relation to reappointment, remuneration and terms of engagement;
- monitored the integrity of the Group's financial statements and continued to challenge the assumptions and judgements made by management in determining the financial results of the Group, including ensuring that the disclosures in the financial statements were appropriate, particularly following the emergence of Covid-19;
- overseen the process for determining whether the Annual Report and Accounts presented a fair, balanced and understandable assessment of the Group's position and performance, business model and strategy; and
- evaluated and approved the going concern assumption and longer-term viability statements, especially taking into account the guidance issued by the Investment Association and the Financial Reporting Council (FRC).

In addition to the above, the Committee reviewed the following matters during the year:

- assessments of impairment of goodwill, intangible assets and assets held within cash-generating units as a result of Covid-19 pandemic;
- adoption of IFRS 16, key judgements and impact of concession accounting on rent waivers during the year;
- updates on tax matters, including the Group's tax strategy;
- appropriateness of statements on going concern, liquidity and viability, reflecting the impact of Covid-19;
- proposals for the scope of minimum financial controls reviews and for the proposed internal audit activity in 2021;
- the effectiveness of health and safety measures, including specifically an evaluation of the Group's controls in respect of allergens; and
- the Audit Committee's terms of reference and the Committee's overall performance and composition.

A fuller description of the operation of the Committee during the year is set out in this report. I will be available at the 2021 Annual General Meeting (AGM) to answer any questions from shareholders about the work of the Committee.

AUDIT COMMITTEE REPORT CONTINUED

Financial reporting

As part of our work to ensure the integrity of financial reporting, the Committee focused on the following areas during the year:

Area	Background	Committee's activities and conclusions
Goodwill and intangible assets	The Group has a significant goodwill balance, mainly representing the consideration paid in excess of the fair value of the identified net assets acquired in relation to the 2006 acquisition of the SSP business by EQT Partners, through the purchase of various Compass Group plc subsidiaries, by various subsidiaries of SSP Group plc. The net assets acquired included intangible assets relating to the Group's own brands, and franchise rights in respect of third party brands that were identified and valued at the date of acquisition. The goodwill and intangible assets balance also includes amounts recognised on acquisitions during the current and previous financial years. The Committee recognises that there is a risk that an asset can become impaired, for example, due to changes in market conditions. As a result, the Group monitors the carrying values of goodwill and intangible assets to ensure that they are recoverable and any specific indicators of impairment are discussed by the Executive Directors with both operational and financial management at Group and in country. Due to Covid-19, there has been an additional trigger for impairment in the current year.	The Committee reviewed the goodwill impairment assessment prepared by management and challenged the key assumptions, including the impact of Covid-19 on the forecasted sales and EBITDA and the appropriateness of discount rates used. The forecasts used by the management were much more conservative compared to the prior year. The discount rates have increased by c. 2% on average reflecting the increased market risk and volatility of cash flows. As a result, total goodwill impairment of £33.0m has been recognised in the current year. The Committee agreed with this conclusion. The disclosure is set out in note 13.
Cash-generating units impairment assessment	Cash-generating units (CGUs) are required to be tested for impairment annually if there is a trigger for impairment. Historically, SSP has been profitable and there has been no specific trigger for impairment. However, in the current year Covid-19 has resulted in a specific trigger for impairment. Management has determined a CGU to be a site, e.g. an airport or a rail station. Similar to the goodwill impairment assessment, management have exercised significant judgement during the process relating to discount rates, future growth rates and cash flows. Management have carefully considered the impact of Covid-19 in each CGU.	The Committee challenged key judgements made by the management. Due to the significant increase in the discount rates, along with challenging key inputs, we reviewed management's benchmarking exercise against a comparator group of companies which was compiled based on externally available data. The discount rates were noted to be in a similar range and as such we deemed these to be reasonable. We also challenged the consistency of forecasting assumptions used in this exercise against those used for the goodwill impairment exercise. Whilst the CGU impairment exercise was carried out at a much more granular level and management have exercised judgement based on their knowledge of specific cash flows for each site, we noted that overall the forecasting assumptions were consistent with forecasts used for the goodwill impairment and going concern exercises. Total impairments recognised related to fixed assets and ROU assets are £38.4m and £38.2m respectively. The impairment primarily arose on those sites which were expiring in the next two to three years and as such there was not sufficient time to allow for recovery to normal level of sales and profitability. We also noted that quite a few sites which were marginal in prior periods were also impaired due to further reduced profitability as a result of Covid-19. Further details on impairments have been set out in notes 12 and 14.
Taxation	The Group operates, and is subject to income taxes, in a number of jurisdictions. Management is required to make judgements and estimates in determining the provisions for income taxes and the amount of deferred tax assets and liabilities recognised in the consolidated financial statements. The Committee recognises that management judgement is required in determining the amount and timing of recognition of tax benefits and an assessment of the requirement to make provisions against the recognition of such benefits.	The Committee reviewed the Group's tax strategy and received reports and presentations from the Head of Tax, setting out the tax strategy and highlighting the principal tax risks that the Group faces and the judgements underpinning the provisions for potential tax liabilities. The Committee also reviewed the results of the external auditor's assessment of provisions for income taxes and deferred tax assets and liabilities, and having done so was satisfied with the key judgements made by management.
Going concern and viability statement	In order to support its going concern assessment, the Group carries out reviews of its available resources and cash flows regularly with a more detailed viability assessment carried out on an annual basis. Covid-19 has had a material impact on the Group's operations and cash flows. There is considerable uncertainty surrounding the ongoing impact of the pandemic. In making the going concern assessment, the Directors have modelled two scenarios for the period to March 2022 with the base case scenario reflecting the Budget for 2021 adjusted for the lockdown across England announced by the UK Government on 31 October, as well as significantly increased government-imposed restrictions in many other parts of Continental Europe. The downside scenario shows a further 12-week lockdown and a much slower recovery.	The Committee challenged management's trading and liquidity forecasts for both the base case and the downside scenario, focusing on the reasonableness of the pace of recovery of passenger numbers, continued and timely access to finance such as the Bank of England's Covid Corporate Financing Facility (CCFF) and the ability to meet its existing financial covenants. We noted that whilst the Group has managed to obtain waivers to September 2021, there are scenarios in which the Group could breach its existing interest cover and leverage covenants at the end of March 2022, as well as the minimum liquidity covenant when the CCFF is expected to be repaid in the first quarter of 2022. However, following the review, the Committee was satisfied and recommended to the Board that the Directors should continue to adopt the going concern assumption, notwithstanding that material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Area	Background	Committee's activities and conclusions
IFRS 16	The Group adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition. Adoption of the new standard has had a material impact on the Group's financial statements, with right-of-use (ROU) assets of £1,468.9m recognised on transition together with lease liabilities of £1,464.4m. Management has made key assumptions in computing these balances at a lease level which are inherently judgemental. Even minor changes in key assumptions made related to discount rates, future rental payments and lease term could result in a material change to the balances.	The Committee has closely reviewed management's key assumptions and accounting judgements on IFRS 16 at each Audit Committee meeting held during the year with a specific Audit Committee meeting held in April to solely discuss IFRS 16 and its impact on the half year and full year financial statements. We reviewed management's approach to ensure that the opening ROU assets and lease liability recognised at the transition date was complete and accurate. Controls put in place included an audit carried out by the Group Finance department on all material territories in addition to reviews by local senior finance management. Key challenges for this year included the impact of rent waivers granted by landlords in the current year and the application of IASB concession accounting which can only be applied if strict criteria are met. We probed management's approach for recognising these concessions as such rather than as contract modifications. Other key judgements around lease term, capitalisation of specific contracts and computation of discount rates were reviewed by the Committee in the prior year and deemed to be reasonable. There has been no change in management approach on these assumptions in the current year. Overall, the Committee is satisfied that the balances recognised at transition, the key assumptions made during the year, closing balances and key disclosures included in the financial statements are materially correct.
Alternative performance measures	In addition to IFRS based performance measures, the Directors also use alternative performance measures ('APMs') to provide additional useful information on the underlying trends, performance and position of the Group (see page 31). These measures are not defined nor specified under IFRS and therefore are not intended to be a substitute for the same. Further, as this is the year of transition to IFRS 16, management have presented 'Pro forma IAS 17' numbers together with the statutory numbers to demonstrate comparability with the prior period.	The Audit Committee noted the guidance issued by the FRC in relation to the use of APMs and considered whether the performance measures used provided meaningful insights for shareholders into the Group's results. The Committee also reviewed the treatment of items considered for separate disclosure in the Annual Report and Accounts, ahead of their approval by the Board. The Committee also continued to support the judgements made by the management regarding those items considered as exceptional and requiring separate disclosure. The Committee concluded that clear and meaningful descriptions had been provided for the APMs used and that the relationship between these measures and the statutory IFRS based measures was clearly explained. It was also concluded that the Committee supported the considered understanding of the financial statements, and that the APMs had been accorded equal prominence with measures that are defined by, or specified under, IFRS. The Committee reviewed the 'Pro forma IAS 17' disclosures added in the current year and concluded that these were reasonable to include during the first year of adoption of IFRS 16 for comparability, however, would no longer be required going forward as the comparatives will be under IFRS 16.
Fair, balanced and understandable financial statements	An intrinsic requirement of a Group's financial statements is for the Annual Report and Accounts to be fair, balanced and understandable. The coordination and review of the Group-wide input into the Annual Report is a sizeable exercise performed within an exacting timeframe, which runs alongside the formal audit process undertaken by the external auditor.	The process to ensure that the Committee, and then the Board, are satisfied with the overall fairness, balance and clarity of the document has been underpinned by: • guidance issued to contributors at an operational level; • a verification process dealing with the factual content of the reports; and • a comprehensive review by the Directors and the senior management team.

AUDIT COMMITTEE REPORT CONTINUED

Risk management and internal control

The Board has overall responsibility for risk management and internal control systems, and for reviewing their effectiveness. This process is overseen by the Committee on the Board's behalf. It is increasingly important that this is carried out in the context of the social, environmental and ethical matters relating to the Group's business.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against material misstatement, loss, fraud or breaches of law and regulations.

The Board has established a clear organisational structure with defined authority levels. The day-to-day running of the Group's business is delegated to the Executive Directors of the Group. The Executive Directors meet with both operational and financial management on a weekly and monthly basis. Key financial and operational measures are reported on a weekly and monthly basis, and are measured against both budget and reforecasts in these meetings. This process has been adapted where needed by the CEO and CFO to reflect the nature of reporting required during the Covid-19 pandemic.

The Group maintains Group and regional/country level risk registers which outline the key risks faced by the Group including their impacts and likelihood, along with relevant mitigating controls and actions. On an annual basis, regional and country management teams are required to update their local risk registers and risk maps to ensure that the key strategic, operational, financial, as well as emerging risks in each location are captured and prioritised according to likelihood and impact, and to identify the risk management activities for each risk. The regional and country risk registers are used in conjunction with input from the Executive Committee, to update the Group risk register. The Risk Committee and Executive Committee review the assessment of risks, as well as current and future mitigation activities at both the Group and regional/country levels. The Committee reviewed this process and a summary of the risk registers during the year.

Following this process, a summary of the principal risks and uncertainties which are currently judged to have the most significant impact on the Group's long-term performance is set out on pages 19 to 24.

The Committee reviewed the effectiveness of the Group's financial and other internal control systems through the annual Control Self-Assessment process, as well as the reports of the internal and external auditors during the year. It subsequently reported on these matters to the Board to allow it to carry out its review (see pages 33-34).

Internal audit

Deloitte acts as internal auditor to the Group, and the partner responsible reports directly to the Audit Committee, in addition to being a permanent member of the Risk Committee. Internal audit plays an important role in assessing the effectiveness of internal controls through a programme of reviews based on a continuing assessment of business risks across the Group.

Internal audit is in regular dialogue with the regional Chief Financial Officers and the Group Chief Financial Officer, to discuss the output from the assurance work and acquire an update on the business risks across the Group. Where control deficiencies are noted through the assurance work performed, Deloitte will perform follow-up reviews and visits.

The Committee meets regularly with Deloitte to review and progress the Group's internal audit plan. The relevant audit plan and procedures are aimed at addressing risk management objectives and providing coverage of the risks identified in the regional and country risk registers. The internal audit plans have been prepared in accordance with standards promoted by the Chartered Institute of Internal Auditors. The Committee continues to monitor the effectiveness of internal audit plans in accordance with the Group's ongoing requirements.

As a result of Covid-19, its impact on SSP's operations and majority of the staff being on furlough, the planned internal audit programme for the year was largely postponed. In addition, the Control Self-Assessment (CSA) was replaced with a 'Minimum Financial Controls' (MFC) exercise which focused on a smaller number of key controls expected to be in place across all local finance operations. The output of the exercise was reviewed by the Committee which ensured that any proposed action was timely and commensurate with its level of risk, whether real or perceived.

Despite the challenges arising from Covid-19, it was noted that there were no significant weaknesses identified in the year that would materially impact the Group as a whole. The Committee continues to closely monitor the impact of Covid-19 and will ensure the resumption of full scope of internal audit and CSA programmes at the appropriate time once the outlook has improved. For the current year, the Committee remains satisfied that the Group's system of internal controls works well.

The Committee determines the adequacy of the performance of the internal audit process through the quality and depth of findings and recommendations. During 2020, the Committee also carried out a formal assessment of the internal audit process, using questionnaires completed by senior finance personnel both at Group and in country, along with key members of the business controls, legal and tax departments. The survey covered areas such as organisation, purpose and remit, process management, quality of the team, knowledge and expertise, and communication of results and recommendations. The survey indicated an overall satisfaction with the internal audit process, including Deloitte's interactions with the local teams as well as their understanding of the business and the issues it faces. The Committee discussed the results of the survey with Deloitte and was satisfied with the internal audit process. The results and feedback from the survey were incorporated into the next year's internal audit plan.

External audit

The effectiveness of the external audit process and independence of KPMG LLP (KPMG), the Group's external auditor, is key to ensuring the integrity of the Group's published financial information. Prior to commencement of the audit, the Committee reviewed and approved the audit plan to gauge whether it was appropriately focused. KPMG presented to the Committee its proposed plan of work, which was designed to ensure there are no material misstatements in the financial statements. The Committee considered the accounting, financial control and audit issues reported by the external auditor that flowed from their audit work.

During the 2020 financial year, the Committee carried out an assessment of the external audit process, including KPMG's role in that process. This was supported by the results of discussions with individual Committee members and questionnaires completed by senior finance personnel both at Group and in country, along with key members of the legal and tax departments. The survey covered areas such as communication, the audit approach and scope, the calibre of the audit teams, technical expertise, and independence. The survey indicated overall satisfaction with the services provided by KPMG and the Committee was satisfied with KPMG's responses to the points raised in the survey. The results and feedback from the survey were incorporated in the next year's external audit plan.

In 2015, the Group tendered its external audit appointment and as a result, KPMG was reappointed as external auditor. The audit partner for the year ended 30 September 2020 was Nicholas Frost. Under the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "CMA Order") the Group is required to put its external audit process out to tender again by no later than 2025 and intends to do so in line with those regulations. The Committee confirms it is in compliance with the provisions of the CMA Order.

Auditor independence and non-audit services policy

The Committee has adopted a formal policy governing the engagement of the external auditor to provide non-audit services, taking into account the relevant ethical guidance on the matter. This policy is reviewed annually by the Committee, which describes the circumstances in which the auditor may be engaged to undertake non-audit work for the Group. The Committee oversees compliance with the policy, and considers and approves requests to use the auditor for non-audit work.

Recognising that the auditor is best placed to undertake certain work of a non-audit nature, .e.g. audit related services, the engagements for non-audit services that are not prohibited are still subject to formal review by the Committee based on the level of fees involved, with reference to the 70% cap that applies. Non-audit services that are pre-approved are either routine in nature with a fee that is not significant in the context of the audit, or are audit-related services.

The Group had updated its non-audit services policy in the prior year to ensure it remained in line with the latest ethical guidance. There were no further changes made during the year.

Details of fees payable to the external auditor are set out in note 6 on page 118. In 2020, non-audit fees represented approximately 20% of the audit fee. KPMG has provided services to certain Group companies and the non-audit fees in 2020 included £0.1m of fees for assurance work in relation to turnover certificates, which are needed to comply with certain local regulations.

The external auditor reported to the Committee on its independence from the Group and confirmed it had complied with the independence requirements as set out by the APB Ethical Standards for Reporting Accountants. The Committee is satisfied that KPMG has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained.

FRC Correspondence

During the year, the UK regulator (FRC) reviewed the SSP Annual Report and Accounts 2019 and asked the business to consider a number of technical disclosure matters. The Committee has reviewed the letter from the FRC and SSP's response. As a result, SSP have clarified and enhanced some disclosures in this Annual Report and Accounts. The enquiry was closed.

Ian Dyson
Chairman, Audit Committee
16 December 2020

STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

Our new Remuneration Policy supports the evolving strategic priorities of the Group.

Carolyn Bradley
Chair, Remuneration Committee
16 December 2020

Introduction

On behalf of the Board and the Remuneration Committee, I present the Directors' Remuneration Report for the year ended 30 September 2020, which contains:

- The updated Directors' Remuneration Policy, to be put to a shareholder vote at the 2021 AGM.
- The annual remuneration report, describing how the existing policy has been applied in the 2020 financial year and how the updated policy will be implemented in the 2021 financial year.

Response to Covid-19

Prior to the onset of Covid-19, the business was on track to deliver another solid set of financial results. However, by the second quarter, the impact of the Covid-19 outbreak in Asia and the strict restrictions put in place there and elsewhere in the world became apparent and travel almost immediately ground to a halt. By April, sales were down 95% across the Group.

When the virus first emerged, our immediate priority was to ensure the health and safety of our colleagues and customers, and to protect our business for the future. We introduced heightened safety protocols to ensure we could keep our colleagues and customers safe. Costs were significantly reduced, and by April we had secured approximately £750m of liquidity through an equity placing as well as accessing Government loan schemes, enabling us to trade through a prolonged recovery. The Board and Senior Management took significant salary reductions and our Group CEO proposed to waive his bonus for 2020. We were able to retain some of the cash related to the payment of the final 2019 dividend as we gave shareholders the opportunity to reinvest the proceeds of that dividend payment into new SSP shares.

Where we needed to close our units, we sought to protect as many jobs as possible through utilising any available job support schemes. It is with regret that the prolonged nature of this crisis resulted in us having to take the difficult decision to restructure in order to protect the business, leading to considerable job losses.

The Committee would like to take this opportunity to thank our colleagues, both on the front line and those in our support functions. Our team members demonstrated our Values by resiliently continuing to provide services to the travelling public, many of whom have been key workers. Our management team have worked incredibly hard to ensure the safety and wellbeing of our colleagues and to protect the business for the future.

By the end of the third quarter, restrictions had begun to ease in a number of countries and we began to re-open units using a new flexible operating model. By year end, we were operating c. 1,200 of our units profitably across the Group and sales had recovered slowly to approximately 24% of pre-Covid levels. A significant focus on cash preservation enabled the Group to minimise the cash outflow in the second half of the year and by the end of the year, SSP had some £520m of liquidity.

Since the year end, the re-instatement of local and national lockdowns, notably in the UK and Continental Europe, has resulted in further volatility in passenger numbers which we expect to continue through the second quarter of the new financial year. We are optimistic that, allied to the rollout of the Covid-19 vaccination programmes, we will see the start of a recovery in the second half of the year. We are ready to respond quickly. The actions we are taking to rebuild the business will put us in a strong position to capitalise on the recovery as well as future opportunities, enabling us to deliver long term sustainable growth for the benefit of all our stakeholders.

It is against this backdrop that the Committee considered remuneration out-turns and our new policy. In doing so, we have sought to balance alignment with our shareholders, workforce and wider stakeholders, while ensuring our policy will support the rebuilding of the business and long term sustainable growth.

Executive pay – response to Covid-19

Salary reductions

As announced on 25 March 2020, significant salary reductions were made across all senior management, the Group Executive and Group Board. Salaries were reduced by 30% from April 2020. NED fees were also reduced by 30% during this time. For September, SSP's management and Board agreed to a salary/fee reduction of 10%.

Bonus waived

For the year ended 30 September 2020, the Group CEO was eligible to receive a bonus based 80% on underlying operating profit and 20% on performance against strategic objectives. The Group CFO was also eligible to receive a bonus based on underlying operating profit and strategic objectives, assessed using the Group's Management Bonus Plan matrix structure which has been operated in prior years and which applies to our management population.

The underlying operating profit threshold was not met and the decision was taken to not pay a bonus to our wider management team, a decision which the Committee believed appropriate in the current conditions. On this basis, no bonus was earned by Jonathan Davies in the year, despite the fact that his strategic objectives were satisfied (as set out later in the report).

The Group CEO would have been entitled to a potential annual bonus under the strategic element. However, Simon Smith volunteered to waive his bonus for this year and this waiver was agreed by the Committee and the Board. Notwithstanding that the bonus had been waived, the outcome of this element has been provided in this report. In line with our Policy, we assessed our Executive Directors' strategic performance based on the targets set at the start of the year, against which robust performance was still delivered. However, as the crisis hit, the business' priorities changed drastically and our Executive Directors performed outstandingly to protect the business through their decisive and immediate actions.

No LTIP pay-out

The performance conditions for the 2017 PSP were not met, and therefore the award has lapsed in full and no shares will vest this year.

Remuneration Policy Review

The Remuneration Policy ("Policy") was last approved by shareholders at the 2018 AGM and is due for renewal this year. We have taken this opportunity to reflect on our approach to executive pay in the context of the ongoing external uncertainty and our evolving business strategy.

Taking into account the long-term strategic needs of the business and the views of our shareholders, the Committee proposes to make the following changes to the Policy.

Our evolving pay governance

Last year, we made a number of good governance changes ahead of our Policy review. These changes included the following:

- Strengthened annual bonus deferral by introducing the requirement for 33% of any bonus earned to be deferred into shares for three years regardless of whether the minimum shareholding requirement is met.
- Improved the transparency of the annual bonus target disclosure.
- Pensions for any new Executive Directors aligned with the rate for the wider workforce.
- Minimum shareholding requirements for the CEO and CFO increased to 250% and 200% of salary respectively
- Introduced post-employment shareholding requirements for Executive Directors.

In reviewing our Policy we have continued to be mindful of good governance practice and will be making further changes to align pension to workforce, as described on page 64.

Restricted Share Plan

We have thought very carefully about the pay model to best support the business going forward. SSP faces some significant challenges as we work to restore and grow shareholder value in a highly uncertain environment. The conclusion we have come to is that the restricted share model best supports the recovery of the business.

We are therefore proposing to replace the Performance Share Plan ("PSP") with a new Restricted Share Plan ("RSP") under which our Executive Directors will receive a more modest award (than under the PSP) subject to performance underpins. We believe that a restricted share plan is the right approach to support the business for the following reasons:

- Supports dynamic and responsive management actions as the external environment develops – We want management to take the right actions to rebuild the business to deliver long term sustainable growth over what is expected to be a prolonged and potentially volatile recovery cycle. The Committee believes that the proposed RSP will support management in its execution and delivery of this.
- Target setting – The environment remains highly uncertain in terms of trajectory of recovery. Passenger numbers (PAX) at the sites at which SSP operates is a key driver of profit growth and in the current environment, we cannot forecast how PAX will recover and, when it does, if this recovery would mirror SSP's portfolio of locations and units. That gives us challenges with setting three year targets which with the benefit of hindsight may be set too low or too challenging. The restricted share model rewards management for taking the right actions to deliver long term sustainable growth over the recovery cycle rather than hitting a specific target in three years.
- More modest reward with performance underpins – The more modest reward is strongly aligned with our shareholders' experience and rewards participants for restoring the Group's share price which feels appropriate to the current circumstances. We will also operate a performance underpin to ensure there is no payment for failure and that overall levels of vesting are reasonable.
- Retention across the wider management team – The operation of the restricted share plan will be aligned across the wider management team. The restricted share model is simple and transparent, and although the upside is more modest, it is expected to better support retention and be appropriately motivating at below board level where there is a risk that management with transferable skills may move to less hard-hit sectors.

The maximum award under the proposed policy will be 100% of salary for the CEO and 75% of salary for the CFO, which represents a 50% reduction from the maximum level of awards under the current PSP, reflecting shareholder expectations when moving to a restricted share model. Vesting will be subject to a performance underpin which, for the first award is detailed on page 71. Awards will be subject to a three year vesting period and two year holding period, so that the total time horizon before any potential sale of shares is five years, in line with best practice.

To support our restricted share model approach we are asking shareholders to approve the plan rules of the Restricted Share Plan at the AGM.

STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

Pensions policy

As part of our Policy review we are committing to reducing pensions for incumbent Executive Directors to the rate applied to the majority of the wider workforce from the end of the 2022 calendar year, in line with the Investment Association guidance. Prior to Covid-19 we had begun to review the pension provisions available for our UK based colleagues. This unfortunately had to be paused due to changing priorities as a result of the pandemic. This review will confirm the rate available to the wider workforce and therefore the rate that the Executive Directors will be aligned to from the end of 2022.

Board changes

As announced on 1 November 2019, Mike Clasper succeeded Vagn Sørensen as Chairman of the Company following the 2020 Annual General Meeting. His fee was set at £275,000. Further, as announced on 31 July 2020, Judy Vezmar joined the Board during the year as an Independent Non-Executive Director and a Remuneration Committee member. Post year end, as announced on 1 October 2020, Tim Lodge was appointed to the Board as an Independent Non-Executive Director and Audit Committee member. Each receives a base fee of £51,000.

Salaries for the 2021 financial year

This year, there will be no salary increases for our Executive Directors.

Operation of the annual bonus plan for 2021 financial year

This year we are proposing to simplify the structure of the Management Bonus Plan and have revised the performance metrics to align with our recovery strategy. The structure for our CEO and CFO will now be aligned, with 80% based on financial and 20% based on strategic objectives.

Taking into account the significant market uncertainty, this is a challenging year to set financial targets. As a Committee we consider that it is still appropriate for a significant portion of the bonus to be based on financial measures. We consider EBITDA and Net Debt to be the key measures for management to focus on in the short to medium term. We have thought carefully about how best to adapt the target setting framework to this uncertain environment. In that context, our annual bonus policy allows for us to account for some external factors, including reference to passenger numbers (PAX) and revenue achieved, in determining a suitable bonus outcome. The Committee anticipates that it will apply a greater than normal level of judgement and discretion when considering outcomes for the year.

Engagement with shareholders

As part of our Policy review, we wrote to shareholders representing c. 80% of our shareholder base to understand their views on our new Directors' Remuneration Policy. We welcomed the level of engagement received and I am pleased to say that we were able to engage with shareholders representing c.70% of our shareholder base. Our shareholders were understanding of the challenges that the business has faced during this difficult year and valued our management team's successful handling of the crisis. Overall, engagement around the new RSP plan was positive and our shareholders understood the strategic rationale for its implementation, and the difficulties that would arise under other long term incentive structures in the current environment.

We have welcomed their feedback on our proposals and have taken into account their comments as part of the process. We remain committed to keeping an open and transparent dialogue with shareholders on executive compensation at SSP.

We hope you will support our Directors' Remuneration Policy and Directors' Remuneration Report at the forthcoming AGM.

Carolyn Bradley

Carolyn Bradley
Chair, Remuneration Committee
16 December 2020

REMUNERATION AT A GLANCE

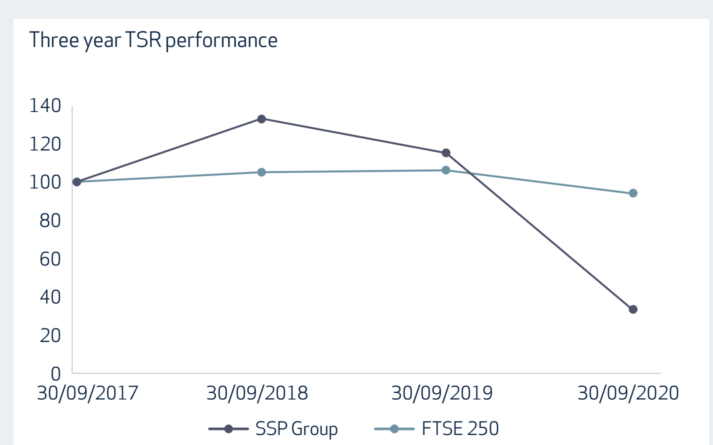
Remuneration outcomes for the year ended 30 September 2020

The table below provides a high level overview of what our Executive Directors earned in 2020.

	Simon Smith	Jonathan Davies
Fixed pay (salary, pension and benefits)	£720k	£520k
Annual bonus	£0	£0
PSP vesting (2017 award)	£0	£0

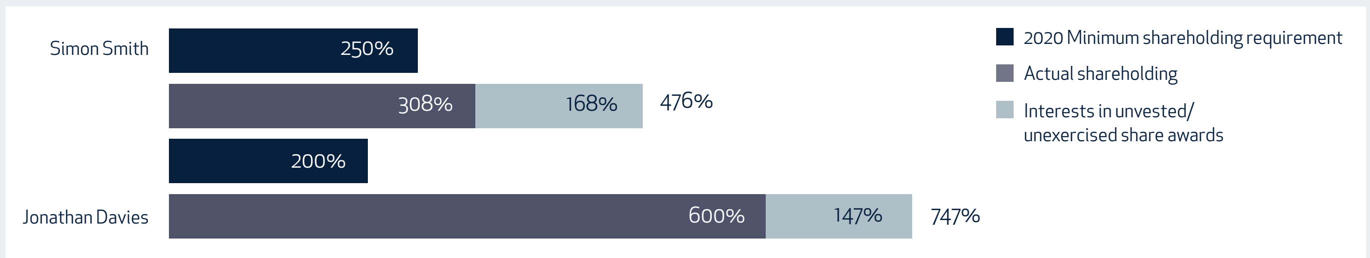
As discussed in the Chair's statement, the Covid-19 outbreak has had an unprecedented impact on the travel industry and on SSP's business in all geographies. Remuneration outcomes for the year are as follows:

- From 1 April to 31 August 2020 Directors received 70% of their usual salary/fees. This increased to 90% from 1 September to 30 September as the Group was able to return more of its colleagues to work.
- Annual bonus payout for the 2020 financial year is zero for both Executive Directors, with trading conditions meaning that the Group did not achieve the threshold operating profit target. Simon Smith achieved a portion of his strategic objectives, which resulted in a formulaic payout of 12% of maximum opportunity. However, he proposed to the Committee that this would be waived, which the Committee approved.



Equity exposure of our Executive Directors

Our Executive Directors strongly align themselves with the long-term success of the Group through their high personal shareholdings.



As at 30 September 2020

Overview of implementation of Policy in 2021

A summary of the proposed packages for Executive Directors in the 2021 financial year in comparison to packages for the 2020 financial year is set out below.

	2021 financial year		2020 financial year	
Element of remuneration	**Simon Smith**	**Jonathan Davies**	**Simon Smith**	**Jonathan Davies**
Base salary	£650,000	£467,600	£650,000	£467,600
Pension	20% of base salary	21% of base salary	20% of base salary	21% of base salary
Annual bonus maximum	175% of base salary	125% of base salary	175% of base salary	125% of base salary
Annual bonus targets	Profit, Net Debt and strategic	Profit, Net Debt and strategic	Profit and strategic	Profit and strategic
PSP annual award	n/a	n/a	200% of base salary	150% of base salary
RSP annual award	100% of base salary	75% of base salary	n/a	n/a
Shareholding requirement	250% of base salary	200% of base salary	250% of base salary	150% of base salary

REMUNERATION AT A GLANCE CONTINUED

Proposed changes to the Directors' Remuneration Policy

A summary of the proposed changes to the Group's Remuneration Policy is set out below. The new policy has been written to include developments that were made in the two previous financial years, such as the introduction of mandatory bonus deferral, post-employment shareholding requirements and post-vest holding periods. The full policy is shown on pages 77 to 85.

Base Salary	Pension	Benefits	Annual bonus	Long Term Incentive	Shareholding requirements
2017 Policy					
• Executive Director salaries are set taking into consideration individual skills and the size and complexity of the role • Base salaries normally reviewed with effect from 1 June	• Executive Director pension contributions of up to 35% of base salary • Newly appointed Director pension contributions of up to 20% of base salary	• Executive Directors receive a tailored package of core benefits including life insurance, car allowance and healthcare	• Executive Directors can be awarded a maximum bonus of up to 200% of base salary • Performance is measured relative to targets in key financial, operational and/or strategic objectives over the financial year. • Malus and clawback conditions apply	• Performance Share Plan in which Executive Directors can be awarded up to 200% of salary • Awards subject to financial performance conditions assessed over three year performance period (usually EPS and TSR) • Malus and clawback conditions apply	• Group CEO: 200% of salary • Group CFO: 125% of salary • Non-executive Directors: 100% of base fee • Directors have until the third anniversary of their appointment to build up shareholding requirement
Proposed changes for 2020 Policy review					
• No change	• Newly appointed Director pension contributions aligned to the wider workforce rate • Incumbent Executive Directors will be aligned with the wider workforce rate by the end of the 2022 calendar year	• No change	As per 2017 Policy with the following amends: • Executive Directors required to defer at least 33% of annual bonus for three years into shares • If the shareholding requirement is not met, Executive Directors required to defer 50% of annual bonus for three years into shares • Remuneration Committee has discretion over outcomes • Implementation for 2021 financial year - CEO and CFO's bonus structures will now be aligned, with the majority based on financial objectives and a minority based on strategic objectives	• Restricted Share Plan in which Executive Directors can be awarded up to 100% of salary • Implementation for 2021 financial year – Normal award levels are 100% of salary for the CEO and 75% of salary for the CFO • Awards subject to performance underpins to ensure the Company does not pay for failure • Awards vest after three years and are subject to a two year holding period • Remuneration Committee has discretion over outcomes	As per 2017 Policy with the following amends: • Group CEO: 250% of salary • Group CFO: 200% of salary Post-employment shareholding requirements introduced.

CORPORATE GOVERNANCE CODE PROVISION 40 DISCLOSURE

When developing the proposed Remuneration Policy and considering its implementation for 2021, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following factors:

Clarity	• The Committee is committed to providing open and transparent disclosures regarding our executive remuneration arrangements. • We have consulted with our shareholders in order to formulate the proposals in our new Remuneration Policy. • We have sought to explain the changes to our proposed Remuneration Policy in a way that highlights their alignment to our strategic ambitions as well as good governance practices under the UK Corporate Governance Code and investor guidance.
Simplicity	• Remuneration arrangements for our Executives and our wider workforce are simple in nature and well understood by both participants and shareholders. • Our new restricted share plan is a simple model that aligns our senior management team to the experience of our shareholders. • For the 2021 financial year, we have also aligned the bonus structures for our Group CEO and Group CFO which provides further consistency and simplicity in our pay arrangements.

Risk	• The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking.
	  • Our annual bonus is based on a balance of metrics which take into account our strategic plan and external expectations. Targets are set to ensure that maximum can only be earned for delivering truly exceptional performance while not encouraging risk-taking.
	  • Our new RSP has more modest award levels relative to the out-going PSP and is subject to performance underpins which ensure that there is no payment for failure.
	• Annual bonus deferral, the RSP post-vesting holding period and our in-employment and post-employment shareholding requirements provide a clear link to creating sustainable, long-term value for shareholders.
	• Malus and clawback provisions also apply to our incentive arrangements, and the Committee has overarching discretion to adjust formulaic outcomes to ensure that they are appropriate after assessing performance in the round.

Predictability	• The new RSP increases the predictability of outcomes in line with recovery strategy and minimises the potential of unintended outcomes. • Our Policy contains details of opportunity levels under various scenarios for each component of pay.
Proportionality	• The Committee believes that the proposed RSP incentivises management to take the right actions for sustainable value in the current environment. • The Committee considers performance from a range of perspectives. Poor financial performance is not rewarded.
Alignment to culture	• Any financial and strategic targets set by the Committee are designed to drive the right behaviours across the business. • The new RSP model encourages our executives to focus on making the right decisions for the long-term sustainable performance of the business. • When developing the 2021 Remuneration Policy the Committee reviewed our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of our Values and approach to reward for the wider workforce. • We have committed to aligning executive pensions with the wider workforce rate.

ANNUAL REPORT ON REMUNERATION

Single total figure of remuneration – Executive Directors (audited)

The following table provides a summary single total figure of remuneration for 2019/20 and 2018/19 for the Executive Directors.

All figures shown in £'000	Salary and fees[a]		Benefits		Pension		Annual Bonus		Long-term incentives[c, d]		Other		Total fixed Remuneration		Total variable Remuneration		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Executive Directors																		
Simon Smith[b]	**563**	430	**27**	17	**130**	90	**–**	529	**–**	261	**–**	–	**720**	537	**–**	790	**720**	1,327
Jonathan Davies	**405**	459	**17**	16	**98**	96	**–**	468	**–**	933	**–**	–	**520**	571	**–**	1,401	**520**	1,972
	968	889	**44**	33	**228**	186	**–**	997	**–**	1,194	**–**	–	**1,240**	1,108	**–**	2,191	**1,240**	3,299

[a] Salary and fees – this represents the base salary or fees paid in respect of the relevant financial year. For Executive Directors this was reduced for a portion of the year due to the impact of Covid-19 as described below.

[b] Simon Smith – amounts of pay shown for Simon Smith in 2019 shows remuneration earned from his appointment to the Board on 20 November 2018.

[c] Long-term incentives 2020 – no shares vested under the 2017 LTIP awards, therefore there is no value attributable to share price appreciation over the performance period. The Committee did not exercise any discretion with regards to the vesting of the 2017 LTIP awards.

[d] Long-term incentives 2019 – the value for 2019 is in respect of the awards granted in 2016. The value presented in the single total figure of remuneration table in the 2019 Annual Report on Remuneration has been adjusted to show the final outcome of the vesting of the awards granted in 2016 (along with accrued dividend equivalents) at the mid-market closing share price on the date of vesting of £6.6568.

Additional disclosures in respect of the single figure table

Base salary

Executive Director base salaries in 2019/20 (audited)

	From 1 June 2020[a]	From 1 June 2019	Change
Simon Smith	£650,000 per annum	£650,000 per annum	0%
Jonathan Davies	£467,600 per annum	£467,600 per annum	0%

[a] Salary was reduced during the year as described below due to the impact of Covid-19.

During the 2020 financial year, the Group furloughed the majority of its workforce and utilised wage subsidy schemes available across the regions in which it operates to preserve cash and protect the business. As a result of this, many of our colleagues received reduced pay during the year.

In light of this, the Remuneration Committee and the Chairman agreed that it was appropriate for the Board of Directors to receive a reduced salary/fee for a portion of the year. From 1 April 2020 to 31 August, Directors received 70% of their usual base salary/fee, reflecting a 30% reduction. As trading conditions began to improve towards the end of the financial year, and the Group was able to return more colleagues to work, the Committee and the Board considered it appropriate to continue the reduction, but at a lower level. As such from 1 September to 30 September, Directors received 90% of their usual base salary/fee, reflecting a 10% reduction.

The figures shown in the Single Total Figure of Remuneration table above reflect these changes. The amount of remuneration received by Non-Executive Directors is set out on page 72.

Benefits

During the year, Simon Smith and Jonathan Davies received benefits totalling £27k and £17k respectively. These benefits included participation in the UK SIP, private medical insurance (for the executive and their family), life insurance, car allowance, company fuel card and home to work travel (including associated tax paid).

Details of shares held by Executive Directors under the UK SIP are set out below:

	Total SIP shares held at 1 October 2019	Shares acquired during financial year	Matching shares awarded during financial year	Total SIP shares held at 30 September 2020
Simon Smith	1,766	449	204	2,419
Jonathan Davies	2,829	471	204	3,504

Pensions

The table below sets out the pension arrangements for our Executive Directors that were in force during the year. Pension arrangements for Executive Directors were based on their full base salary and do not reflect the salary reductions described above, in line with the approach taken for the rest of the Group's management.

Director	Pension type	Pension level (% base salary)
Simon Smith[1]	Cash in lieu of pension/defined contribution	20%
Jonathan Davies	Cash in lieu of pension	21%

[1] Simon Smith is a member of the UK defined contribution pension scheme and receives a mix of employer pension contributions into the Group's pension scheme and a cash supplement in lieu of pension such that his total annual pension remuneration amounts to 20% of base salary.

Annual bonus

The bonuses for the year ended 30 September 2020 assessed underlying operating profit as the financial target. Bonuses for both Simon Smith and Jonathan Davies assessed a mix of financial performance and strategic objectives.

For Simon Smith, 80% of his total bonus opportunity was determined by the financial target, with the remaining 20% opportunity determined by achievement of key strategic objectives. Jonathan Davies' bonus was determined under the Management Bonus Plan matrix structure that applied to the broader management team, whereby the financial element of the bonus was based on 100% underlying operating profit and a personal performance factor, based on the achievement of objectives, is then applied to determine the actual pay out.

Based on the frameworks described above, Simon Smith and Jonathan Davies earned bonuses as set out in the table below. Further details of financial and strategic performance is also set out below.

Annual bonus payout in 2019/20 (audited)	Simon Smith[a]	Jonathan Davies
Maximum bonus opportunity	175%	125%
Bonus earned (% of maximum)	12%	0%
Actual bonus (£)	£0	£0

[a] Bonus payment was waived.

Taking into account pay conditions and bonus outcomes across the wider workforce, Simon Smith volunteered to waive the 12% of maximum bonus opportunity earned in respect of the 2020 financial year and this waiver was agreed by the Remuneration Committee. Due to the different bonus structure that applied to Jonathan Davies during the financial year, no bonus was earned. The Committee concluded that this bonus outcome was appropriate in the context of the wider employee and shareholder experience.

Had any annual bonus been payable to Executive Directors, one third of this would have been deferred into the Group's shares for three years, in line with changes made in the 2019 financial year.

A full breakdown of performance against financial and non-financial targets is set out below.

In line with our Policy, we have assessed our Executive Directors' performance against strategic objectives based on the targets set at the start of the year. However, as a result of the global pandemic, management's priorities for the year changed significantly versus these objectives.

The performance outcomes for the 2020 financial year reflect the decisive action taken by leadership to place the business into 'hibernation' at the onset of the crisis. We believe that the Group took the right actions during the year to protect the business and ensure liquidity, setting the stage for an effective recovery as soon as is possible. The Committee believes that our Executive Directors demonstrated capability and excellent leadership in an unprecedented time for the travel sector.

Financial performance

The table below sets out a summary of performance against the financial target, underlying operating profit. The underlying operating profit targets for the year are set based on the Group's budgeted performance. Budgeting is a rigorous process which starts from the bottom up, reviewing the expected performance of each region in which the Group operates against the external opportunities and challenges within them, and the Group's five-year plan.

	Targets set at the start of the 2019/20 financial year (£m)			2020 performance (£m)[1]
	Threshold (30% of maximum)	Target/budget (50% of maximum)	Maximum (100% of maximum)	
Underlying operating profit	224.6	231.5	243.1	-211.7m

[1] 2020 Performance shows pro-forma IAS 17 underlying operating profit performance.

ANNUAL REPORT ON REMUNERATION CONTINUED

Strategic objectives

A summary of our Executive Directors' performance against strategic objectives is shown below.

Simon Smith – Group CEO

Objective (20% maximum)	Targets	Performance assessment
Strategic Initiatives	• Complete commercial plan in North America, deep dive in an airport delivering improved EBITDA ARO yield.	• Deep dives completed in 7 airports (above stretch).
	• Develop efficiency programmes for technology and automation in key markets.	• Order at table trialled successfully in three regions, ahead of the stretch target. • Covid-19 response has resulted in accelerated rollout.
	• Complete profitable LFL trials in key regions and develop action plans.	• Activity stopped in March due to Covid-19 priorities. • Trials completed in 3 key regions.
People, Capability and Infrastructure	• Launch and complete the first year of the Global Leadership Programme for regional and country leadership teams.	• Activity stopped in March due to Covid-19 priorities. • First cohort partially completed but paused due to Covid-19 priorities and second cohort scheduled, but not completed.
	• Complete review of the Group CSR strategy.	• Activity stopped due to Covid-19 priorities, but now being revisited. • Background analysis completed and shared with Board.
	• Embed the Group's refreshed Values.	• Values launched and cascaded globally. • Values demonstrated throughout the handling of the Covid-19 crisis.

Taking into account performance against strategic objectives, Simon Smith achieved 12% of bonus for this element, which was voluntarily waived by Simon, a decision then approved by Committee.

Jonathan Davies – Group CFO

Objective	Targets	Performance assessment
Strategic Initiatives	• Deliver Group-wide procurement savings including new purchasing deals, marketing income, recipe and menu optimisation, production equipment and energy efficiency.	• On track to achieve stretch target pre-Covid-19. • By March, savings of 88% of stretch target had been identified and agreed.
	• Deliver targeted Group-wide efficiency savings through planning, reviewing and monitoring of programmes across the business.	• On track to achieve stretch target pre-Covid-19. • Additional savings £1.5m ahead of budget identified by end of January 2020.
	• Implement finance, cash management and inventory systems project.	• Programme on track to meet deadline for delivery of country pilot on time and within budget. • International roll-out programme planned and presented to Steering Committee and GEC.
Financing	• Raise further debt to maintain target balance sheet leverage within planned interest costs.	• Specific targets deemed no longer relevant due to Covid-19.
	• Achieve target returns on capital investment.	• Deemed no longer relevant due to Covid-19.
	• Evaluate and execute M&A projects to deliver returns above target criteria.	• M&A projects successfully executed for Station Food (Germany), Red Rock (Australia) and Togservice (Nordics).

Taking into account performance against strategic objectives, the Committee decided that Jonathan Davies' performance factor was 0.8. As the financial targets for the Group's operating profit were not met, this performance factor resulted in a nil pay-out.

Scheme interests awarded during the financial year

SSP Performance Share Plan awards (audited)

The following PSP awards were made to the Executive Directors in the 2019/20 financial year.

	Type of award	Date of award	Number of awards granted	Face value (£) at date of grant	Face value % of salary	Award receivable for minimum performance	End of performance period
Simon Smith	Nil Cost Options	21/11/2019	205,533	1,300,000	200%	25%	30 September 2022
Jonathan Davies	Nil Cost Options	21/11/2019	110,893	701,400	150%	25%	30 September 2022

The closing price on the day before grant was used to calculate the number of shares over which each award was granted (£6.3250 for 21 November 2019 award). Awards will vest subject to the achievement of the performance conditions which will be measured at the time the Group publishes its full year financial results for the 2022 financial year and completion of a three-year vesting period. The awards will vest subject to achieving two performance measures, namely earnings per share (EPS) target (75% weighting) and relative total shareholder return (Relative TSR) target (25% weighting). The performance targets for these awards granted are summarised on page 75. Following vesting, awards will be subject to an additional two year holding period.

Implementation of Remuneration Policy in the year ending 30 September 2021

This section provides an overview of how the Committee is proposing to implement the Group's Remuneration Policy in the year ending 30 September 2021, subject to its approval at the 2021 AGM.

Base salary

Base salaries as at 1 October 2020:
Simon Smith: £650,000
Jonathan Davies: £467,600

Base salaries for Executive Directors will be reviewed with effect from 1 June 2021, in line with the Group's usual timetable. As communicated on his appointment, the Committee intends to keep Simon Smith's package under review subject to his development and performance in role and the continued growth of the Group.

Benefits

Executive Director benefits will continue to include private healthcare (for the executive and their family), life insurance, car allowance or a company car, company fuel card, travel to and from work (including associated tax paid) and participation in the UK SIP.

Pensions

Simon Smith: 20% of base salary
Jonathan Davies: 21% of base salary
New appointments: aligned with the wider workforce

The Committee is committed to aligning Executive Director pensions with wider workforce by the end of 2022.

Annual Bonus

Maximum opportunity:
Simon Smith: 175% of base salary
Jonathan Davies: 125% of base salary

Targets:
Bonuses will continue to be based on both financial and non-financial performance. For 2020/21 the financial targets will be EBITDA and Net Debt, aligning with immediate business priorities. Specific targets and details of non-financial objectives will be disclosed in the 2020/21 Annual Report when they are no longer considered to be commercially sensitive.

The Committee intends to take into account some external factors including reference to passenger numbers (PAX) and revenue achieved in its determination of bonus outcomes. At year end, the Committee will be responsible for looking at performance in the round and applying judgement to ensure that the outcome is appropriate to the external environment, management's achievements and shareholders' experience.

Executive Directors will be required to defer 33% of any bonus received into the Group's shares. For Executive Directors, 40% bonus will be subject to Group EBITDA performance, 40% will be subject to Net Debt and the remaining 20% will be subject to the achievement of key strategic objectives. Jonathan Davies' bonus structure has been amended to mirror that of the Group CEO. His bonus was previously calculated using the MBP matrix described in our 2018/19 Annual Report.

Restricted Share Plan

The Committee intends to make the first awards under the Restricted Share Plan shortly after the completion of the 2021 AGM (subject to shareholder approval of the plan).

	Face value (% of salary)
Simon Smith	100%
Jonathan Davies	75%

These awards will vest on the third anniversary of the date of grant. Vested awards will be subject to a two year holding period. If the Company does not meet one or more of the performance underpins over the relevant vesting period then the Committee would consider whether it was appropriate to adjust (including to zero) the level of pay-out under the award to reflect this. For the first awards under the plan the performance underpins will be:

1. The Company has taken the right actions to strengthen its competitive advantages and position the group for long term sustainable growth.
2. The Company has achieved the principal strategic and financial annual objectives over the 3 year period, notably:
   - Revenue growth, given the available passengers numbers during the period
   - Efficient conversion of revenue into profit and cash
3. The Company has made progress on SSP's Corporate Responsibility Strategy.

In assessing the extent to which the performance underpins have been satisfied, the Committee will consider a range of quantitative and qualitative benchmarks to inform its decision. Should any of the underpins not be met, the Committee would consider whether a discretionary reduction in the number of shares vesting was required.

Minimum Shareholding Requirement

To align the interests of Executive Directors with those of shareholders, they are required to build and maintain significant holdings of shares in the Group over time. The minimum shareholding requirement for Executive Directors is:

- Group CEO: 250% of base salary
- Group CFO: 200% of base salary

In addition to the above, Executive Directors will be required to maintain their full minimum shareholding requirement for one year post-cessation of employment, and hold 50% of the requirement for a second year.

ANNUAL REPORT ON REMUNERATION CONTINUED

Non-Executive Director Remuneration

Single total figure of remuneration – Non-Executive Directors (audited)

	Salary and fees		Benefits[4]		Pension		Annual Bonus		Long-term incentives		Other		Total fixed Remuneration		Total variable Remuneration		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Non-Executive Directors																		
Vagn Sørensen[1]	81	195	–	–	–	–	–	–	–	–	–	–	81	195	–	–	81	195
Mike Clasper[2]	144	–	–	–	–	–	–	–	–	–	–	–	144	–	–	–	144	–
Carolyn Bradley	62	63	–	–	–	–	–	–	–	–	–	–	62	63	–	–	62	63
Ian Dyson	54	61	–	–	–	–	–	–	–	–	–	–	54	61	–	–	54	61
Per Utnegaard	44	49	4	–	–	–	–	–	–	–	–	–	48	49	–	–	48	49
Judy Vezmar[3]	7	–	–	–	–	–	–	–	–	–	–	–	7	–	–	–	7	–
	392	368	4	–	–	–	–	–	–	–	–	–	396	368	–	–	396	368

1 Vagn Sørensen did not stand for re-election at the 2020 AGM. Amounts shown reflect fees paid for the period of the year that he was a director.

2 Mike Clasper was appointed to the Board on 1 November 2019 and became Chairman on 26 February 2020. Amounts shown reflect fees paid for the period of the year that he was a Director.

3 Judy Vezmar was appointed to the Board on 1 August 2020. Fees shown reflect fees paid for the period of the year that she was a director.

4 Benefits 2020 – this comprises the reimbursement of expenses for travel to and from Board meetings.

As set out on page 68, in light of wider workforce pay conditions and the overall shareholder experience it was agreed that Non-Executive Directors would receive 70% of their usual fee, reflecting a 30% reduction, between 1 April 2020 and 31 August 2020. From 1 September to 30 September, Non-Executive Directors received 90% of their usual fee, reflecting a 10% reduction.

Following the review of Non-Executive Director fees during the year ended 30 September 2020, it was determined that there would be no change to the fees set on 1 July 2019 which are as set out below. The Company will review these fees in accordance with the terms of the Non-Executive Director appointment letters, and will undertake a review each year. A review may not result in an increase in fees.

	2020 fees
Chairman of the Board	£275,000
Board member	£51,000
Additional fee for Senior Independent Director	£10,000
Additional fee for Chairman of Audit/Remuneration Committee[1]	£11,000

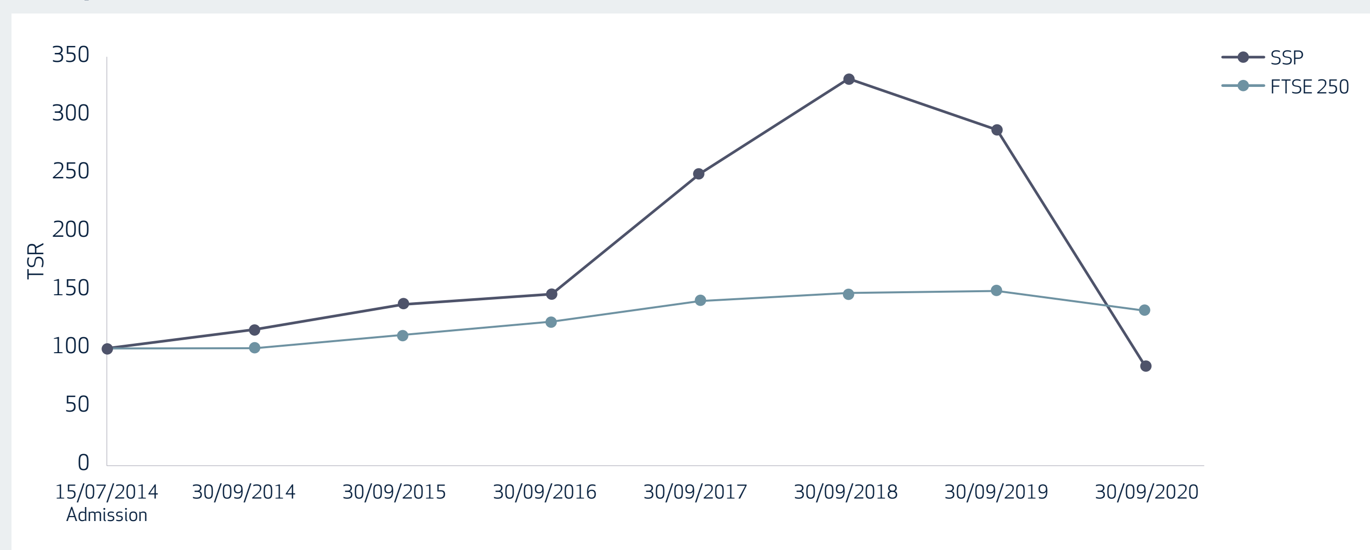
1 In addition to any additional fee for acting as the Senior Independent Director.

Tim Lodge was appointed to the Board on 1 October 2020 as an Independent Non-Executive Director and Member of the Audit Committee. From this date Tim will receive the base Board Member fee of £51,000 per annum. Tim did not receive any remuneration in respect of the 2020 financial year.

Historical TSR performance

As the Company is a constituent of the FTSE 250, the FTSE 250 Index provides an appropriate indication of market movements against which to benchmark the Company's performance. The chart below summarises the Company's TSR performance against the FTSE 250 Index over the period from Admission on 15 July 2014 to 30 September 2020.

TSR performance since admission



Chief Executive Officer remuneration outcomes

Chief Executive Officer	2014	2015	2016	2017	2018	2019[1]	2019[2]	**2020**
CEO Name	K. Swann	K. Swann	K. Swann	K. Swann	K. Swann	K. Swann	S. Smith	**S. Smith**
Single figure of remuneration	£4.5m	£2.5m	£2.6m	£7.4m	£6.0m	£5.3m	£0.8m	**£0.7m**
Annual bonus payable (as a % of maximum opportunity)	100%	100%	100%	100%	100%	100%	98.6%	**0%**
Long-term incentive vesting out-turn (as a % of maximum opportunity)	n/a	n/a	n/a	100%	100%	100%	100%	**0%**

1 Reflects period spent in role as Group CEO from 1 October 2018 to 31 May 2019.

2 Reflects period spent in role as Group CEO from 1 June 2019 to 30 September 2019.

No long-term incentive plan awards vested in 2014, 2015 or 2016. Performance conditions were not met for the award due to vest in the 2021 financial year and therefore this award will lapse.

In accordance with UK regulations, for the year ended 30 September 2019 the PSP value in the single total figure of remuneration, was an estimated value. This has now been updated to include the final level of vesting achieved and the share price on the date of vesting.

Total remuneration for 2014 includes additional awards of cash and shares made on IPO by the Company and the previous majority shareholder.

Year-on-year change in pay for Directors compared to the average employee

Resolution	Average Employee	Simon Smith[1]	Jonathan Davies	Michael Clasper[2]	Vagn Sørensen[3]	Ian Dyson	Carolyn Bradley[1]	Per Utnegaard	Judy Vezmar[2]
Base salary / fees	0%	31%	(12%)	–	(59%)	(12%)	(1%)	(10%)	–
Benefits	(8%)	60%	10%	–	–	–	–	–	–
Annual Bonus	(100%)	(100%)	(100%)	–	–	–	–	–	–

1 Director was appointed to the Board during the 2019 financial year and therefore table is comparing full year remuneration for the 2020 financial year with a pro-rata total for the previous year.

2 Director was appointed to the Board during the 2020 financial year and therefore there is no prior-year remuneration for comparison.

3 Director left during the 2020 financial year and therefore table is comparing pro-rata remuneration with a full year total for the previous year.

ANNUAL REPORT ON REMUNERATION CONTINUED

Relative importance of the spend on pay

The table below shows the total spend on employee pay in the 2019 and 2020 financial years and the total expenditure on dividends.

	2020	2019	Percentage change
Total Staff Costs[1]	**£518.6**	£809.3m	(36%)
Dividends	**£26.8m**	£51.0m	(47%)
Special Dividend	**£0m**	£149.8m	(100%)

[1] This figure is inclusive of wage subsidies received, such as the Coronavirus Job Retention Scheme in the UK.

CEO Pay Ratio

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the table below sets out the Group's CEO pay ratios for the year ended 30 September 2020. This compares the Chief Executive's total remuneration with the equivalent remuneration for the employees paid at the 25th (P25), 50th (P50) and 75th (P75) percentile of SSP Group's workforce in the United Kingdom. The total remuneration for each quartile employee, and the salary component within this, is also outlined in the table below.

Year	**Method**	**25th Percentile pay ratio**	**50th Percentile pay ratio**	**75th Percentile pay ratio**
2020	Option B	48:1	47:1	33:1
	Base Salary	£14,942	£15,274	£21,989
	Total Pay and Benefits	£15,203	£15,573	£22,461

The pay ratios above are calculated using the actual earnings for UK employees. The CEO's Single Total Figure of Remuneration is £720k, as shown on page 68.

SSP have chosen Option B, using the most recent Gender Pay Gap data to identify the employees at the 25th, 50th and 75th pay percentiles in our UK employee population. As SSP have a large number of employees in the UK, of which a large portion work seasonal or part time hours, Option B was selected as it is the most practical way to produce the percentile calculations.

Total remuneration for UK full-time equivalent employees on 30 September 2020 has been calculated in line with the single figure methodology and reflects actual earnings received in the 2020 financial year. No elements of pay have been omitted. The majority of SSP's UK employee population are hourly paid operations colleagues. Given this workforce profile, two of the three CEO pay ratio reference points fall in this population and there is limited difference in the pay at each percentile. All payments have been calculated on a full-time equivalent basis.

Due to the impact of Covid-19 on the Group's trading in the UK, the majority of UK colleagues were furloughed utilising the Coronavirus Job Retention Scheme. The Committee believes it is appropriate for the CEO pay ratio to reflect the pay reductions taken by colleagues. This also maintains comparability with the Group CEO's pay as he received a reduced base salary for a portion of the year.

The Committee believes that the median pay ratio is notably lower than it would be in a normal year. This is due to the fact that the CEO received no variable pay in the financial year. In addition, P25, P50 and P75 were all furloughed for a portion of the year and therefore the total pay and benefits received by these colleagues is lower that it would be in a normal year. It is likely that any year-on-year change in the pay ratio will be driven by our CEO's variable pay, and not by changes to pay and benefits structures for UK Employees. Pay rates for all employees are set by reference to a range of factors, such as market practice, experience and performance in role.

Fees from external directorships

Jonathan Davies is a Non-Executive Director of Assura plc and retained a fee of £58,225 in respect of that directorship.

Statement of Directors' shareholding and share interests (audited)

Shareholding Guidelines require Executive Directors to build up over time a personal shareholding in the Company equivalent in value to 250% of base salary for the Group CEO and 200% of base salary for the Group CFO. Executive Directors are encouraged to retain vested shares earned under the Company's incentive plans until the shareholding guidelines have been met. The Chairman and each Independent Non-Executive Director are expected to build and then maintain a shareholding in the Company equivalent in value to 100% of their annual gross fee.

The period over which the minimum shareholding must be built up is a three-year period, either from the date of admission (15 July 2014), or from the date of appointment if later. The table below shows details of the Directors' shareholdings as at 30 September 2020.

Director	Shareholding guidelines as a % of salary/fees	Shareholding as a % of salary/ fee achieved[a]	Shares owned outright at 30 September 2020[b]	Interests in unvested PSP awards at 30 September 2020
Simon Smith[c]	250%	308%	869,616	473,228
Jonathan Davies	200%	600%	1,218,305	298,954
Mike Clasper[c]	100%	33%	40,000	–
Carolyn Bradley[c]	100%	18%	5,756	–
Ian Dyson	100%	128%	33,776	–
Per Utnegaard[d]	100%	66%	14,666	–
Judy Vezmar[c]	100%	0%	0	–

Notes:

[a] For the purposes of determining Directors' shareholding requirements, the individual's salary/fee and the three month average share price to 30 September 2020 (£2.3027) have been used. Further, the total shareholding used to calculate the shareholding percentage for Executive Directors excludes Matching Shares issued under the UK Share Incentive Plan that remain subject to holding conditions (609 for Simon Smith and 738 for Jonathan Davies as at 30 September 2020).

[b] Shares owned outright at 30 September 2020' includes shares held by persons connected with a Director. It also includes Partnership Shares purchased, Matching Shares awarded and Dividend Shares purchased, under the UK Share Incentive Plan.

[c] The Director has until the third anniversary of their date of appointment to meet their Minimum Shareholding Requirement.

[d] Per Utnegaard's shareholding on 30 September 2020 was below that of his Minimum Shareholding Requirement due to fluctuations in the Group's share price.

Interests in Unvested PSP awards at 30 September 2020

Interests in unvested PSP awards' refers to Performance Share Plan awards granted in, November 2017, November 2018, May 2019, June 2019 and November 2019. The performance conditions for each award are described in the table below.

Performance period	1 October 2017 to 30 September 2020		1 October 2018 to 30 September 2021		1 October 2019 to 30 September 2022	
Performance condition and weighting	**Compound EPS growth (75%)**	**Relative TSR vs comparator group (25%)**	**Compound EPS growth (75%)**	**Relative TSR vs comparator group (25%)**	**Compound EPS growth (75%)**	**Relative TSR vs comparator group (25%)**
Maximum target (100% vesting)	12% p.a.	Upper-quartile	12% p.a.	Upper-quartile	12% p.a.	Upper-quartile
Threshold target (25% vesting)	7% p.a.	Median	7% p.a.	Median	7% p.a.	Median

Vesting is calculated on a straight-line basis between maximum and threshold targets. There is no vesting for performance below the threshold target.

A three-month average share price prior to the start and end of the performance period will be used to calculate TSR. The TSR comparator Group is as follows:

Autogrill	Go-Ahead Group	J Sainsbury	Next	UDG Healthcare
Compass Group	Halfords Group	Kingfisher	Ocado Group	WHSmith
Dignity	Inchcape	Marks and Spencer Group	The Restaurant Group	Whitbread
Dixons Carphone	InterContinental Hotels Group	Marston's	Sports Direct International	Wm Morrison Supermarkets
Domino's Pizza Group	JD Sports Fashion	Mitchells & Butlers	Stagecoach Group	
Dunelm Group	J D Wetherspoon	N Brown Group	Tesco	
First Group		National Express	TUI AG	

Unvested awards under the Company's share plans will be satisfied by the transfer of existing shares held by the Company's employee benefit trust (EBT), market purchased shares (which will be held by the EBT) or the issue of new or treasury shares within limits agreed by shareholders when the plans were approved. These limits comply with the Investment Association's guidelines which require that no more than 10% of a company's issued share capital be issued in accordance with all employee share plans in any 10-year period, with no more than 5% issued in accordance with discretionary employee share plans.

ANNUAL REPORT ON REMUNERATION CONTINUED

Movement in Directors' shareholdings from 30 September 2020

At 16 December 2020, other than as set out below, there had been no movement in Directors' shareholdings and share interests from 30 September 2020.

Director	Shares owned outright at 16 December 2020	Shares owned outright at 30 September 2020	Change
Simon Smith	869,865	869,616	249
Jonathan Davies	1,218,552	1,218,305	247

Note:

Shares owned outright' includes shares held by persons connected with a Director. It also includes Partnership Shares purchased, Matching Shares awarded and Dividend Shares purchased, under the UK Share Incentive Plan.

The Remuneration Committee in 2020

Consideration by the Directors of matters relating to Directors' remuneration

The Board entrusts the Remuneration Committee with the responsibility for setting the Remuneration Policy in respect of Executive Directors and senior executives and ensuring its ongoing appropriateness and relevance. In setting the remuneration for these groups, the Committee considers the pay and conditions of the wider workforce and roles in relevant geographies.

External advice

During the year ended 30 September 2020, the Committee received independent advice on executive remuneration matters from Deloitte. Deloitte received £120,350 in fees for these services. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. During the year, Deloitte also provided the Company with internal audit services, tax services and Risk Management services.

The Committee appointed Deloitte to the role of independent advisor to the Committee in 2014. The Committee has reviewed the advice provided by Deloitte during the year and is comfortable that it has been objective and independent. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflict.

The Committee also received independent advice from FIT Remuneration Consultants to provide additional advice into its review of the Group's new long term incentive. FIT Remuneration Consultants received £28,255 in fees for these services. FIT Remuneration Consultants are a member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. During the year, FIT Remuneration Consultants did not provide the Company with any other services. Deloitte remain as the formally appointed independent advisers to the Remuneration Committee.

Statement of shareholder voting

Votes cast at the AGM in February 2020 in respect of the approval of the Directors' Remuneration Report and in respect of the approval of the Directors' Remuneration Policy are given below:

Resolution	Meeting	Votes for	% for	Votes against	% against	Total shares voted	% of issued share capital voted	Votes withheld
To approve the Directors' Remuneration Report	February 2020 AGM	217,989,435	68.96%	98,134,556	31.04%	316,123,991	70.66%	65,619,420
To approve the Directors' Remuneration Policy	February 2018 AGM	263,554,350	77.05%	78,502,459	22.95%	342,056,809	71.35%	52,329,530

Following the 2020 AGM, the Board gathered feedback from shareholders following the outcome of the vote to approve the Remuneration Report to understand the concerns of those who were unable to approve the report. Throughout the process we greatly appreciated the level of engagement from our shareholders. It was clear that the key area of concern related to the leaving arrangements for our former Group CEO. The Board recognises the importance of engaging with the Group's shareholders and in recent years has substantially improved its approach to disclosure in the Directors' Remuneration Report.

In addition, as part of our Policy review, we wrote to shareholders representing over 80% of our shareholder base to understand their views on our new Directors' Remuneration Policy. We welcomed the level of engagement received and I am pleased to say that we were able to engage with shareholders representing c.70% of our shareholder base. We have welcomed their feedback on our proposals and have taken into account their comments as part of the process. We remain committed to keeping an open and transparent dialogue with shareholders on executive compensation at SSP.

DIRECTORS' REMUNERATION POLICY

This part of the Directors' Remuneration Report sets out the Directors' Remuneration Policy as determined by the Remuneration Committee (the 'Committee'. In accordance with Section 439A of the Companies Act 2006, a binding shareholder resolution to approve this policy will be proposed at the 2021 Annual General Meeting of the Company. The policy will apply to payments made to Directors after the 2021 AGM, subject to shareholder approval of the policy.

The previous Directors' Remuneration Policy was approved at the AGM in February 2018 and a full version of this policy is available in the Group's 2017/18 Annual Report.

Key principles of Remuneration Policy

The Remuneration Policy for the Directors of the Company is intended to help recruit and retain executives who can execute SSP's strategy by rewarding them with appropriate compensation and benefit packages. The policy seeks to align the interests of Executive Directors with the performance of the Company and the interests of its shareholders.

Our incentive arrangements are designed to reward performance against key financial and strategic performance objectives. Our aim is to reward management for delivering sustainable long-term performance and support the retention of critical talent.

The Policy was developed over the course of 2020. The Committee undertook a thorough review of arrangements in the context of our business strategy. The Committee consulted extensively with shareholders and considered all feedback received when developing the proposals set out below. Input was received from the Chair and management while ensuring that conflicts of interest were suitably mitigated. The Committee also considered carefully corporate governance developments, particularly in the area of pensions. Input was provided by the Committee's appointed independent advisors throughout the process.

Policy table

The table below describes the policy in relation to the components of remuneration for Executive Directors and, at the bottom of the table, the policy for the Non-Executive Directors. A summary of the changes made and how they compare to our current Remuneration Policy is set out on page 66.

Executive Directors

Base salary
A core element of the remuneration package used to recruit, reward and retain Executive Directors who can deliver our strategic objectives.

Operation	Maximum potential value	Performance metrics
Normally reviewed annually. The Remuneration Committee may however award an out-of-cycle increase if it considers it appropriate. Base salaries are set by the Committee taking into account a number of internal and external factors including: • The individual's skills, experience and performance; • The size and scope of the Executive Director's role and responsibilities; • Market positioning and inflation; and • Pay and conditions elsewhere in the Group.	Salary increases in percentage terms will normally be in line with increases awarded to other head office employees in the relevant geography, but may be higher in certain circumstances. The circumstances may include but are not limited to: • Where a new Executive Director has been appointed at a lower salary, higher increases may be awarded over an initial period as the Executive Director gains experience in the role; • Where there has been an increase in the scope or responsibility of an Executive Director's role; and • Where a salary has fallen significantly below market positioning. There is no maximum increase or opportunity.	None

DIRECTORS' REMUNERATION POLICY CONTINUED

Executive Directors

Pension
To provide an income following retirement and assist the Executive Director in building wealth for their future.

Operation	Maximum potential value	Performance metrics
The Company operates an approved defined contribution pension arrangement, to which the Company may make contributions. A cash allowance may be provided in lieu of pension contributions.	Company contributions or cash allowance provided for Executive Directors will be in line with the rate applicable to the wider workforce. The definition of the wider workforce will be as determined by the Committee. For example, colleagues employed in the same country as the Director in question. Incumbent Executive Directors, appointed prior to the introduction of this remuneration policy, may continue to receive pension contributions or a cash allowance at the applicable rate under a previous remuneration policy. Pensions for incumbent Executive Directors will be aligned to the wider workforce rate by the end of 2022. Currently our Executive Directors receive pension contribution / cash allowance as follows: • Group CEO, Simon Smith: 20% of base salary per annum. • Group CFO, Jonathan Davies: 21% of base salary per annum.	None

Benefits
To provide appropriate benefits as part of a remuneration package that assists in recruiting, rewarding and retaining Executive Directors.

Operation	Maximum potential value	Performance metrics
Each Executive Director receives a tailored benefits package including (but not limited to) private health insurance for themselves, their spouse and dependent children, annual health screening, and life assurance, business travel. Travel benefits, including (but not limited to) car allowance, company car, driver, the cost of fuel for private mileage, and travel to and from work (including any associated tax and social security charges) may also be provided. In the event that an Executive Director is required by the Group to relocate, other benefits may include, but are not limited to, the costs of relocation, housing, travel and education allowances, subsistence costs and tax equalisation arrangements. Expenses incurred in the performance of duties for the Group may be reimbursed or paid for directly by the Company, as appropriate, including any tax or social security charges due on the expenses. The Executive Directors are eligible to receive other benefits (such as a colleague discount card) on the same terms as other eligible employees of the Group. Executive Directors may participate in All-Employee Share Plans on the same basis as other employees.	Car allowance of up to £13,000 per annum. The cost of insured benefits may vary from year to year depending on the individual's circumstances, and therefore the Committee has not imposed any overall maximum value on the benefit. Executive Directors who participate in All-Employee Share Plans can contribute up to the relevant limits set out in the country plan.	None

Executive Directors

Annual bonus
To reward performance on an annual basis against key annual objectives.

Operation	Maximum potential value	Performance metrics
Performance objectives will normally be determined by the Committee at the beginning of the financial year. The Committee will assess performance against these objectives following the end of the relevant financial year. Awards are paid once the results for the year have been audited. If an Executive Director has not met their Minimum Shareholding Requirement, 50% of any bonus earned will normally be deferred into the Group's shares. If the Minimum Shareholding Requirement has been met, 33% of any bonus earned will normally be deferred into the Group's Shares. The remaining amount will be paid in cash. The Committee may exercise its discretion to adjust bonus outcomes (up or down) where it believes that this is appropriate, including but not limited to where outcomes are not reflective of the underlying performance of the business or the level of payout does not reflect the experience of the Group's shareholders, employees or other stakeholders. Any application of the Committee's discretion would be within the limits of the overall Remuneration Policy. The Committee may reduce bonus outcomes or claw back vested awards up to three years from the date of vest (in part or in full) in the event of: • A material misstatement in the Company's annual financial statements. • A material failure of risk management. • Serious reputational damage to a member of the Group or relevant business unit. • An error in the calculation of any performance conditions which results in overpayment.	The maximum Annual Bonus opportunity is 200% of base salary per annum. For 2020/21 maximum annual opportunities are: • Group CEO, Simon Smith – 175% of salary per annum. • Group CFO, Jonathan Davies – 125% of salary per annum.	Performance is measured relative to targets in key financial, operational and/or strategic objectives over the financial year. The measures selected and their weightings may vary each year according to the strategic priorities. Entitlement to bonus only starts to accrue at a minimum threshold level of performance. Below this level, no bonus will be paid. To earn a maximum bonus there must be outperformance against stretching objectives.

DIRECTORS' REMUNERATION POLICY CONTINUED

Executive Directors

Restricted Share Plan (RSP)
The RSP rewards our Executive Directors for driving the sustainable longer term growth of the Company and shareholder value. Awards are share based to align the interests of Executive Directors with those of shareholders.

Operation	Maximum potential value	Performance metrics
Awards may be made to Executive Directors in the form of conditional share awards, nil cost options, forfeitable shares or equivalent rights. Awards will be subject to performance underpins, assessed over a period of three financial years. Awards will normally be subject to a three year vesting period and any vested shares will normally be subject to a further post-vest holding period of two years. Awards (other than forfeitable shares) may incorporate the right to receive (in cash or shares) the value of dividends that would have been paid on the award shares that vest between the grant and vesting of awards. The Committee may exercise its discretion to adjust vesting outcomes where it believes that this is appropriate, including but not limited to: where vesting outcomes are not reflective of the underlying performance of the business, the underpins selected on award are no longer suitable, or the level of vesting does not reflect the experience of the Group's shareholders, employees or other stakeholders. Any application of the Committee's discretion would be within the limits of the overall Remuneration Policy. The Committee may lapse unvested awards or claw back vested awards up to three years from the date of vest (in part or in full) in the event of: • A material misstatement in the Company's annual financial statements. • A material failure of risk management. • Serious reputational damage to a member of the Group or relevant business unit. • An error in the calculation of any performance conditions which results in overpayment.	The maximum award that may be made to Executive Directors is up to 100% of salary per annum under the rules of the plan in respect of any financial year of the Company.	Performance underpins may be based around the Group's key financial and/or strategic measures. The Committee may use different performance underpins for future awards if the Committee deems this to be appropriate. If any of the underpins are not met the Committee would consider whether it was appropriate to scale back the number of shares that vest (including to nil). The Committee will normally disclose performance underpins in advance of each annual grant. The Committee would seek to consult with its major shareholders as appropriate on any proposed material changes.

Minimum Shareholding Requirement
Aligns the interests of Executive Directors with shareholders and encourages commitment to the company

Operation	Maximum potential value	Performance metrics
Executive Directors are expected to build and maintain a holding in the Company's shares as follows: • Group CEO: 250% of base salary • Group CFO: 200% of base salary Executive Directors have three years from the date of their appointment to the Board to build and maintain this holding. Executive Directors will normally be expected to maintain their shareholding for a period of time post-cessation of employment. Normally this requirement will be for an Executive Director to maintain their full shareholding requirement for one year post-employment, and 50% of their shareholding requirement for a second year. The Committee may waive this requirement for certain exceptional personal circumstances.	N/A	N/A

Non-Executive Directors Fees

To attract and retain Non-Executive Directors of the calibre required to oversee the development and execution of the Company's strategy.

Operation	Maximum potential value	Performance metrics
The Chairman's fees are determined by the Committee. The Non-Executive Directors' fees are determined by the Board. The total fees for Non-Executive Directors, including the Chairman, will not exceed the maximum stated in the Company's Articles of Association. The level of fees are reviewed periodically and take into account the time commitment, responsibilities, market levels and the skills and experience required. Non-Executive Directors normally receive a basic fee and an additional fee for specific Board responsibilities, including chairmanship or membership of Board committees or acting as the Senior Independent Director. Non-Executive Directors are expected to build and maintain a holding in the Company's shares of 100% of their base fee. Non-Executive Directors have three years from the date of their appointment to the Board to build and maintain this holding. The Committee may waive this requirement for certain exceptional personal circumstances. Additional fees may be paid to Non-Executive Directors on a per diem basis to reflect increased time commitment in certain limited circumstances. Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax and social security due on the expenses. Non-Executive Directors may be provided with benefits to enable them to undertake their duties.	N/A	None

Notes to the tables on pages 77 to 81

The RSP will be operated in accordance with the plan rules. In accordance with the rules of the RSP, any performance underpin may be substituted or varied if the Committee considers it appropriate, provided that the amended performance underpin is in its opinion reasonable and not materially less difficult to satisfy. The plan rules also provide that the Committee may adjust awards (as it reasonably considers appropriate) in the event of any variation of the Company's share capital, capital distribution, demerger, special dividend or other event having a material impact on the value of shares.

Malus and clawback applies where stated in the above table. Other elements of remuneration are not subject to recovery provisions.

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the policy set out above where the terms of the payment were agreed:

(i) before the AGM on 3 March 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect);

(ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or

(iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, 'payments' include the Committee satisfying awards of variable remuneration and an award over shares is 'agreed' at the time the award is granted.

DIRECTORS' REMUNERATION POLICY CONTINUED

Performance measures and targets

Annual bonus

Annual bonus metrics and targets are selected to incentivise Directors to meet objectives for the year and are chosen in line with the following principles:

- The targets set for financial measures should be incentivising and appropriately stretching. Targets may be adjusted by the Committee to take into account significant capital transactions during the year.
- There should be flexibility to change the measures and weightings year-on-year in line with the needs of the business.
- The Committee retains the ability to adjust the targets and/or set different measures and alter weightings for the annual bonus if events occur (e.g. material divestment of a Group business, capital transactions or changes to accounting standards) which cause it to determine that an adjustment or amendment is appropriate so that the conditions achieve their original purpose.

Restricted Share Plan

Restricted Share Plan awards are subject to performance underpins. Underpins are chosen to ensure that the financial health and reputation of the Company are strong and that the Company is making progress on its strategic objectives.

For awards proposed in the 2021 financial year, the underpins will be linked to the creation of sustainable growth and strategic objectives including progress made on the Company's Corporate Responsibility Strategy priorities.

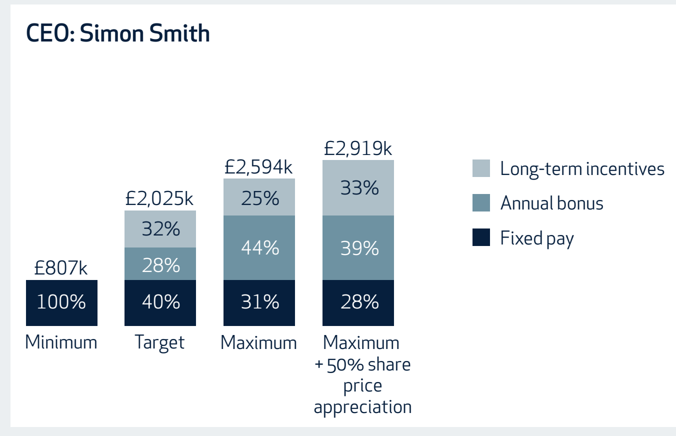
The Committee retains the ability to adjust any underpin measures if events occur (e.g. material divestment of a Group business, capital transactions or changes to accounting standards) which cause it to determine that an adjustment or amendment is appropriate so that the underpin conditions achieve their original purpose.

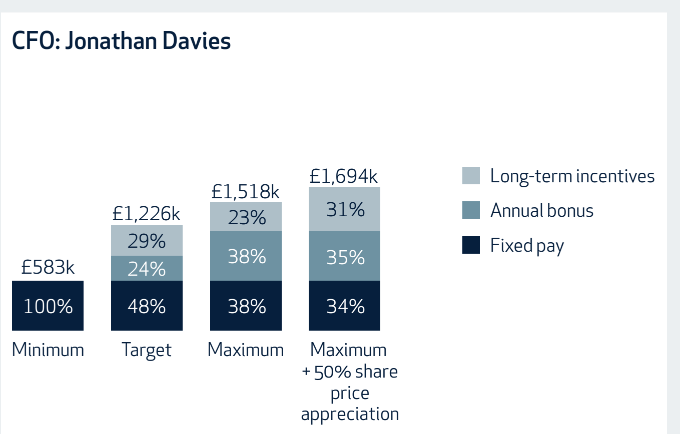
Remuneration arrangements throughout the Group

Differences in the policies for Executive Directors and other employees in the Group generally reflect differences in market practice taking into account role and seniority. The remuneration policies for Executive Directors and the senior executive team are generally consistent in terms of structure and the performance measures used. All eligible employees may participate in the Company's all-employee share plans in the relevant territory where they operate.

Illustrative scenario analysis

The following charts show the potential split between the different elements of the Executive Directors' remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum' (see table below).





Component		'Minimum'	'Target'	'Maximum'	'Maximum + 50% share price appreciation'
Fixed remuneration	Base salary	Annual base salary for the 2020 financial year**			
	Pension	Chief Executive Officer: 20% of salary; Chief Financial Officer: 21% of salary			
	Benefits	Taxable value of annual benefits provided in the year ended 30 September 2020			
Annual bonus	Maximum opportunity	Chief Executive Officer: 175% of salary; Chief Financial Officer: 125% of salary**			
	Vesting	0% of maximum opportunity	50% of maximum opportunity	100% of maximum opportunity	
Restricted share plan	Maximum opportunity	Chief Executive Officer: 100% of salary; Chief Financial Officer: 75% of salary**			
	Vesting	0% vesting	100% vesting	100% vesting	100% vesting + 50% share price appreciation

*** Based on contractual base salary as at 1 October 2020.*

Approach to recruitment remuneration

In the event that the Group appointed a new Executive Director, remuneration would be determined in line with the following principles:

- The Committee will take into account all relevant factors, including the calibre and experience of the individual and the market from which they are recruited, while being mindful of the best interests of the Group and its shareholders and seeking not to pay more than is necessary
- So far as practical the Committee will look to align the remuneration package for any new appointment with the Remuneration Policy set out in the policy table on pages 77 to 81.
- Salaries may be higher or lower than the previous incumbent, but will be set taking into account the review principles set out in the policy table. Where appropriate the salaries may be set at an initially lower level, with the intention of increasing salary at a higher than usual rate as the Executive Director gains experience in the role. For interim positions a cash supplement may be paid rather than salary (for example; a Non-Executive Director taking on an executive function on a short-term basis).
- To facilitate recruitment the Committee may need to buy out terms or remuneration arrangements forfeited on joining the Company. Any buy-out would take into account the terms of the arrangements, in particular, any performance conditions and the time over which they would vest. The overriding principle would be that the value of any replacement buy-out awards should be no more than the commercial value of awards that have been forfeited. The form of any award would be determined at the time and the Committee may make buy-out awards utilising any of the Company's share plans under LR 9.4.2 of the Listing Rules (for buy-out awards only).
- The maximum variable pay opportunity in respect of recruitment (excluding buy-outs) comprises a maximum Annual Bonus of 200% of annual salary and a maximum RSP grant of 100% of annual salary, as stated in the policy table on pages 77 to 81. The Committee retains the flexibility to determine that, for the first year of appointment, any annual incentive award within this maximum will be subject to such terms as it may determine.

Where an Executive Director is appointed from within the Company or following corporate activity/reorganisation (for example, merger with another company), the normal policy would be to honour any legacy arrangements in line with the original terms and conditions.

Where the recruitment requires relocation of the individual, the Committee may provide for additional costs and benefits.

On the appointment of a new Chairman or Non-Executive Director, the remuneration package will be consistent with the policy set out above.

Details of Directors' service contracts

Executive Directors

Executive Directors have rolling service contracts. None of the existing service contracts for Executive Directors makes any provision for termination payments, other than for payment in lieu of notice.

Simon Smith and Jonathan Davies' payment in lieu of notice would be calculated by reference to the base salary in respect of any unexpired portion of the notice period. This payment can be made in instalments over the notice period and can be reduced where alternative employment is commenced during the notice period.

The Executive Directors' service contracts contain provisions relating to salary, car allowance, pension arrangements, medical insurance, life insurance, business travel insurance, company car, holiday and sick pay, and the reimbursement of reasonable out of pocket expenses incurred by the Executive Directors while on company business.

The following service contracts in respect of Executive Directors who were in office during the year are rolling service contracts and therefore have no end date:

	Date of commencement of contract	Notice period for Director	Notice period for Company
Simon Smith	1 June 2019	9 months	12 months
Jonathan Davies	15 July 2014	9 months	12 months

Service contracts for new Executive Directors will be limited to nine months' notice for the Director and 12 months' notice for the Company.

Chairman

The terms of the Chairman's appointment broadly reflect the terms of the three-year appointments of the Non-Executive Directors. The Chairman's appointment can be terminated at any time upon written notice, resignation or in accordance with the Articles of Association of the Company.

The Chairman receives no benefits from the office other than fees and reimbursement of expenses incurred in performance of his duties, including any tax due on the expenses. He is not eligible to participate in Group pension arrangements.

DIRECTORS' REMUNERATION POLICY CONTINUED

Non-Executive Directors

All Non-Executive Directors have been appointed on an initial term of three years, subject to renewal thereafter. All are subject to annual re-election by shareholders.

The Non-Executive Directors have letters of appointment which can be terminated at any time upon written notice, resignation or in accordance with the Articles of Association of the Company. Non-Executive Directors receive no benefits from their office other than fees and reimbursement of expenses incurred in performance of their duties, including any tax due on the expenses. They are not eligible to participate in Group pension arrangements.

	Effective date of appointment letter	Current term expires
Mike Clasper	1 November 2019	31 October 2022
Ian Dyson	15 July 2014	14 July 2023
Per Utnegaard	1 July 2015	30 June 2021
Carolyn Bradley	1 October 2018	30 September 2021
Judy Vezmar	1 August 2020	31 July 2023
Tim Lodge	1 October 2020	30 September 2023

Directors' service contracts are kept for inspection by shareholders at the Company's registered office.

Payments to departing Directors

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined by reference to the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. The Committee may structure any compensation payments in such a way as it deems appropriate, taking into account the circumstances of departure. In the event of the Company terminating an Executive Director's contract, the level of compensation would be subject to mitigation if considered appropriate.

Payment in lieu of notice	In the event of termination by the Company of an Executive Director's employment, a payment in lieu of notice may be paid. This payment would be equal to a maximum of annual base salary and cash allowance in lieu of pension in respect of any unexpired portion of the notice period. This payment can be made in instalments over the notice period and can be reduced where alternative employment is commenced during the notice period.
Annual bonus	Executive Directors may, at the determination of the Committee, remain eligible to receive an Annual Bonus for the financial year in which they ceased employment. Any such bonus will be determined by the Committee, taking into account time in employment and performance.
Restricted Share Plan awards	On cessation of employment, any outstanding unvested awards will lapse unless the participant dies or is deemed to be a 'good leaver' by the Committee in its discretion. Where the participant is deemed to be a 'good leaver', any outstanding unvested awards will normally continue and will vest at the normal vesting date to the extent the original performance underpins have been satisfied. Vested awards will normally continue to be subject to the two year post-vesting holding period. Awards will normally, unless the Committee determines that an alternative proportion of the awards should vest, be pro-rated for the portion of the vesting period completed in employment. The Committee may, in exceptional circumstances, or if the participant dies, decide to allow awards to vest on cessation of employment subject to the Committee's assessment of performance against the original performance underpins at that time or the Committee's assessment of the likely satisfaction of the performance underpins over the original performance period. Awards will normally, unless the Committee determines that an alternative proportion of the awards should vest, be pro-rated for the portion of the vesting period completed in employment.
Payments in relation to statutory rights	The Company may pay an amount considered reasonable by the Remuneration Committee in respect of an Executive Director's statutory rights.
Payments required by law	The Company may pay damages, awards, fines or other compensation awarded to an Executive Director by any competent court or tribunal or other payments required to be made on termination of employment under applicable law.
Professional fees	The Company may pay an amount considered reasonable by the Remuneration Committee in respect of fees for legal and tax advice, and outplacement support for the departing Executive Director.

Award under LR 9.4.2

Were an award to be made under LR 9.4.2 then the leaver provisions would be determined at the time of award.

Takeovers and other corporate events

Under the RSP (or legacy awards made under the PSP), on a takeover or voluntary winding-up of the Company, awards will vest in accordance with the rules of the plan. Vesting would be determined by the Committee based on the proportion of the vesting period that has elapsed and the extent to which the performance conditions or underpins have been satisfied, although the Committee has the discretion to determine that such greater proportion as it considers appropriate of the awards should vest, including where it considers the level of shareholder returns is at a superior level.

In the event of a variation of share capital, demerger, capital distribution or any other event having a material impact on the value of the shares, the Committee may determine that outstanding awards shall vest on the same basis as set out above for a takeover. Alternatively, the Committee may (with the consent of the acquiring company) decide that awards will not vest on a corporate event but will be replaced by new awards over shares in the new acquiring company or another company determined by the acquiring company.

Bonuses may be paid in respect of the year in which the change of control or winding up of the Company occurs, if the Committee considers this appropriate. The Committee may determine the level of bonus taking into account any factors it considers appropriate.

Amendments

The Committee may make amendments to the terms of the Company's incentive plans in accordance with the rules of those plans. The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax, administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Consideration of conditions elsewhere in the Group

In making remuneration decisions, the Committee also considers the pay and employment conditions elsewhere in the Group. When reviewing and setting Executive Directors' remuneration, the Committee takes into account the pay and employment conditions of Group employees. The Group-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. During the year, information around the salary reductions taken by our leadership team was cascaded to the wider organisation through internal announcements and business updates. The Group complies with local regulations and practices regarding employee consultation more broadly.

Consideration of shareholder views

The Committee consulted with the Group's largest shareholders when developing the above policy. In reviewing and setting remuneration, including that of Executive Directors, the Committee receives updates on investors' views, and may from time to time engage directly with investors and/or investor representative organisations on remuneration topics as appropriate. These lines of communication ensure that emerging best-practice principles are factored into the Committee's decision-making.

DIRECTORS' REPORT

This section of the Annual Report includes additional information required to be disclosed under the Companies Act 2006 (the 'Act'), the 2018 UK Corporate Governance Code (the 'Code'), the Disclosure Guidance and Transparency Rules (the 'DTRs') and the Listing Rules of the Financial Conduct Authority (the 'LRs'). The Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

Certain information required to be included in the Directors' Report is included in other sections of this Annual Report, including:

- The Strategic Report on pages 1 to 43;
- The Corporate Governance Report on pages 46 to 55;
- The Audit Committee Report on pages 56 to 61;
- The Directors' Remuneration Report on pages 62 to 85;
- Post balance sheet events on page 149; and
- The Company's subsidiaries outside the United Kingdom on pages 156 to 160.

The sections referred to above provide an overview of the strategy, development and performance of the Company's business in the year ended and as at 30 September 2020, together with information on the approach of the Company to corporate governance and the constitution, and the work and effectiveness of the Board and its principal committees. These sections are incorporated by reference into the Directors' Report.

Corporate information and listing on the London Stock Exchange

The Company was incorporated and registered in England and Wales on 9 March 2006 as a private company limited by shares under the Companies Act 1985 with the registered number 5735966. On 4 July 2014, the Company was re-registered as a public limited company limited by shares. The Company's registered office and principal place of business is at Jamestown Wharf, 32 Jamestown Road, London, United Kingdom, NW1 7HW.

On 15 July 2014, the entire issued ordinary share capital of the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to unconditional trading on the London Stock Exchange plc's main market for listed securities under the ticker 'SSPG'.

Dividends

There was no interim dividend declared during the FY20 financial year (2019: £25.8m). Additionally, the Directors will not be recommending a FY20 final dividend (2019: £26.8m) which will result in no ordinary dividends for the year (2019: £52.6m). In light of ongoing macro-economic uncertainty and the significant impact that Covid-19 has had, and continues to have, on the Group, the Board has decided not to declare or recommend (respectively) these dividends to preserve cash in the business and maximise its financial resilience. Further, the Group is currently restricted from declaring or paying dividends until the expiry of certain restrictions that apply under the amended debt arrangements with the Group's lending group of banks and US private placement holders during the covenant waiver period and for a period afterwards until any additional fees accrued during the waiver period are paid in full. When these restrictions are lifted and conditions improve, the Board will consider the best way to restart return of capital to shareholders.

On 26 February 2020 shareholder approval was given at the Annual General Meeting for a return of 6 pence per share to shareholders which was the equivalent of £26.8m in aggregate (the 'FY19 Final Dividend'). The FY19 Final Dividend was paid on 4 June 2020 (deferred from 27 March 2020). With the continued aim of retaining cash within the business to maximise its financial resilience and to offset the cash outflow from the payment of the FY19 Final Dividend, on 3 June 2020 the Company announced the June Placing (defined below) to allow those investors entitled to the FY19 Final Dividend the opportunity to reinvest it in the Company. The proceeds from the offering allowed a proportion of the FY19 Final Dividend to be retained in the business. For further information see June Placing, Subscription and Retail Offer for re-investment of FY19 Final Dividend below.

During the year, the trustees of each of the employee benefit trusts which operate in connection with the Company's share plans waived their rights to receive dividends on any shares held by them. Details of the trusts can be found in note 25 of this report. The amount of dividends waived during the year ended 30 September 2020 in relation to the trusts was £40,438.56.

Share capital

At 30 September 2020 there were 537,859,931 ordinary shares of $1^{17/200}$ pence in issue (comprised of 537,596,432 ordinary shares with one vote each and 263,499 held in treasury, which are non-voting), which are fully paid up and are quoted on the London Stock Exchange. Further information regarding the Company's issued share capital and movements in the financial year can be found in note 25 to the financial statements on pages 138 and 139.

Powers conferred on the Directors in relation to issuing or buying back shares

Subject to applicable law and the Company's Articles of Association, the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders at a general meeting and any conditions attaching to such authority). The shareholders delegated the following powers in relation to the issuing or market purchase by the Company of its shares at the Company's 2020 AGM:

Issuing shares

The Directors were granted authority to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

(a) up to a nominal amount of £1,617,939; and

(b) comprising equity securities up to a nominal amount of £3,235,879 such amount to be reduced by any allotments made under (a) above, in connection with an offer by way of a rights issue.

The authorities conferred on the Directors to allot securities under paragraphs (a) and (b) will expire on the date of the 2021 AGM, or close of business on 26 May 2021, whichever is sooner, (the 'Expiry Date'). The Directors will be seeking a new authority at the 2021 AGM for the Directors to allot shares and to grant subscription and conversion rights to ensure that the Directors continue to have the flexibility to act in the best interests of shareholders when opportunities arise, by issuing new shares or granting such rights.

The Directors were also given authority to allot equity securities for cash or to sell ordinary shares as treasury shares for cash subject to certain limitations, such authority to apply until the Expiry Date. The Directors will seek to renew this authority at the 2021 AGM. See the Placings section below for details of how the above authorities were used in the year.

Issuing shares pursuant to share schemes

During the 2020 financial year, a total of 3,032,564 ordinary shares in the Company were issued to satisfy (a) Matching Share awards under the Company's UK SIP and International SIP and (b) the vesting of awards under the Company's Performance Share Plan ('PSP'). The relevant PSP awards were those that vested in November 2019 and May, June and July 2020, based on performance conditions satisfied as at the end of the 2019 financial year. As noted on pages 63 and 65, there was no vesting of PSP awards granted in November 2017 and due to vest in November 2020. It is noted that ordinary shares issued to satisfy awards under employee share schemes do not count against the allotment authorities granted by shareholders in accordance with the Act.

Placings

March Placing and Subscription

On 25 March 2020, the Company agreed the terms and announced the successful completion of the non pre-emptive placing of 86,195,459 new ordinary shares in the capital of the Company (with an aggregate nominal value of £935,220.73) (the 'March Placing Shares') at a price of 250 pence per March Placing Share (the 'March Placing Price') (the 'March Placing'). On the same date, the Company agreed the terms of and announced the subscription by certain directors and members of the senior management team of the Company for an aggregate of 304,000 new ordinary shares in the capital of the Company (with an aggregate nominal value of £3,298.40) (the 'March Subscription Shares'), at the March Placing Price, pursuant to subscription letters entered into with the Company (the 'March Subscription').

Together, the March Placing and March Subscription of in aggregate 86,499,459 new ordinary shares raised gross proceeds of approximately £215.5m and £760,000 respectively. The March Placing Price represented a premium of 6.2 per cent to the closing share price of 235.5 pence on 24 March 2020 and a discount of 7.7 per cent to the middle market price at the time at which the Company agreed the March Placing Price. The March Placing Shares and the March Subscription Shares issued together represented approximately 19.3% of the existing issued ordinary share capital of the Company prior to the March Placing and March Subscription. The Company acknowledged at the time that the March Placing and the March Subscription were on a non-pre-emptive basis and it is noted that they took place before the Pre-Emption Group published revised guidance on 1 April 2020 encouraging investors to support issuances by companies on a non-pre-emptive basis of up to 20% of their issued share capital. Members of the Board and the senior management team consulted with the Company's major institutional shareholders before launching the March Placing and March Subscription.

The purpose of the March Placing and March Subscription was to strengthen the Company's balance sheet, working capital and liquidity position during a period of unprecedented disruption in the global travel market as a result of the Covid-19 outbreak, and the net proceeds were used accordingly. The March Placing structure was chosen as it minimised cost, time to completion and use of management time at an important and unprecedented time for the Company.

June Placing, Subscription and Retail Offer for re-investment of FY19 Final Dividend

On 3 June 2020 the Company agreed the terms, and subsequently on 4 June 2020, the Company announced the successful completion of the non-pre-emptive placing of 3,382,255 new ordinary shares in the capital of the Company (with an aggregate nominal value of £36,697.46) (the 'June Placing Shares') at a price of 315.2 pence per June Placing Share (the 'June Placing Price') (the 'June Placing'). On 3 June 2020 the Company agreed the terms, and subsequently announced on 4 June 2020 the successful completion of the subscription by certain Directors and members of the senior management team of the Company for an aggregate of 31,739 new ordinary shares in the capital of the Company (with an aggregate nominal value of £344.37) (the 'June Subscription Shares'), at the June Placing Price, pursuant to subscription letters entered into with the Company (the 'June Subscription'). In addition, retail investors subscribed in an offer made by the Company via the PrimaryBid platform for an aggregate of 61,394 new ordinary shares in the capital of the Company (with an aggregate nominal value of £666.12) (the 'Retail Shares') at the June Placing Price (the 'Retail Offer'), the terms of which were agreed on 3 June 2020 and as announced on 4 June 2020.

Together, the June Placing, June Subscription and Retail Offer of, in aggregate, 3,475,388 new ordinary shares, raised gross proceeds of approximately £10.6m, £0.1m and £0.2m respectively. The June Placing Price was equal to the mid-market closing price of the Company's shares on 3 June 2020. The June Placing Shares, June Subscription Shares and Retail Shares issued together represented approximately 0.7 per cent of the existing issued ordinary share capital of the Company prior to the June Placing, June Subscription and Retail Offer.

Following the onset of Covid-19 and its impact on the Company, the Directors and members of senior management engaged with shareholders and assessed various options for the non-payment of the FY19 Final Dividend, including cancelling it, requesting waivers of it and deferring it. However, in light of the circumstances around the timing and shareholder approval of the FY19 Final Dividend, many of the options proved to be unachievable.

Therefore, following further engagement with shareholders and with the continued aim of retaining cash within the Group, the Company conducted the June Placing, June Subscription and Retail Offer to raise funds to offset the cash outflow from the payment of the FY19 Final Dividend. The June Placing, June Subscription and Retail Offer were solely intended to give investors entitled to the FY19 Final Dividend payment an opportunity to reinvest their cash dividend back in the business. Investors were not permitted to apply for an allocation of shares that exceeded the value of their FY19 Final Dividend entitlement.

The net proceeds from the June Placing, June Subscription and Retail Offer therefore allowed approximately £10.8m of the FY19 Final Dividend payment to be effectively retained in the business to further enhance the Company's cash and liquidity position during the period of unprecedented disruption in the global travel market as a result of the Covid-19 outbreak.

DIRECTORS' REPORT CONTINUED

Three-year statement

Over the three-year period preceding the placings, subscriptions and retail offer referred to above, the Company has only issued new shares for the purpose of fulfilling its obligations under employee share schemes.

Buyback of shares

The Directors were granted authority to make market purchases of the Company's own shares on behalf of the Company up to a maximum of approximately 10% of the Company's issued share capital. This standard authority is renewable annually and the Directors will seek to renew this authority at the 2021 AGM.

On 20 November 2019 the Company launched its first on-market share buyback programme pursuant to the authority granted at the AGM in 2019. Under the programme between 21 November and 5 December 2019, the Company bought back in aggregate 263,499 ordinary shares for a total consideration of approximately £1.7m (excluding expenses). Given the Covid-19 pandemic the share buyback programme has been suspended since the start of 2020. Repurchased shares under the buyback programme represented approximately 0.06% of the issued share capital of the Company immediately prior to the commencement of the buyback programme. All of the repurchased shares were transferred into treasury. The purpose of the buyback programme was to reduce the Company's issued share capital as part of its commitment to maintain an efficient balance sheet.

Rights and restrictions on shares and transfers of shares

Certain restrictions, which are customary for a listed company, apply to the rights and transfers of ordinary shares in the Company. The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the United Kingdom or by writing to the Company Secretary. The key points are summarised below.

Ordinary shares

Notice of meetings must be given to every shareholder and to any person entitled to a share unless the Articles of Association or the rights of the shares say they are not entitled to receive them from the Company. The Board can decide that only people who are entered on the register of members at the close of business on a particular day are entitled to receive the notice. On a show of hands at a general meeting every member present in person or by proxy shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. No shareholder holds ordinary shares which carry special rights relating to the control of the Company.

Dividends and distributions on winding up to shareholders

Holders of ordinary shares may receive interim dividends approved by Directors and dividends declared in general meetings. On a liquidation and subject to a special resolution of the Company, the liquidator may divide among members in specie, the whole or any part of the assets of the Company and may, for such purpose, value any assets and may determine how such division shall be carried out.

Transfers of ordinary shares

The Articles of Association place no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them except: (i) in very limited circumstances (such as a transfer to more than four persons) and (ii) where the Company has exercised its rights to suspend their voting rights or to prohibit their transfer following the omission by their holder or any person interested in them, to provide the Company with information requested by it in accordance with Part 22 of the Act. Restrictions on transfers may apply where the holder is precluded from exercising rights by the LRs, the City Code on Takeovers and Mergers or any other regulations. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights at any meeting of the Company.

Dealings subject to Market Abuse Regulation

Pursuant to the Market Abuse Regulation and the Group's securities dealing policy, Directors, other persons discharging managerial responsibilities and certain employees require the approval of the Company to deal in the ordinary shares of the Company.

Exercise of rights of shares in employee share schemes

Awards over shares held by relevant participants under the Company's various share plans carry no rights until the shares are issued to participants or their nominees.

The Trustees of the Company's employee benefit trusts are entitled to vote on unallocated shares held in the trust fund from time to time but they may consider, in their absolute discretion, any recommendations made to them by the Company before doing so. However, the trustee of the SSP Group plc Share Plans Trust does not seek to exercise voting rights on existing shares held in the Share Plans Trust (see note 25 for further details on the employee benefit trusts). In respect of allocated shares held by the Trustees as nominee (including the Trustees of the Company's Share Incentive Plans), they must seek instructions from participants on how they should exercise their voting rights before doing so on their behalf.

Notification of major shareholdings

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 30 September 2020, the following notifications of major shareholdings of 3% or more have been received by the Company under DTR 5.

Name	No. of ordinary shares and voting rights notified*	% of the Company's voting rights*
HSBC Holdings PLC	53,836,798	10.01%
BlackRock, Inc.	44,927,739	8.35%
APG Asset Management Limited	31,561,081	7.05%
Marathon Asset Management LLP	24,167,130	5.43%
Parvus Asset Management Europe Limited	27,751,072	5.20%
Artemis Investment Management LLP	22,621,923	5.06%
Schroders plc	23,720,071	4.99%
JP Morgan Asset Management (UK) Limited and JP Morgan Investment Management Inc	17,000,000	3.58%

The following notifications were received after 30 September 2020 and before 16 December 2020:

Name	No. of ordinary shares and voting rights notified	% of voting rights as at the date of this report
Norges Bank	17,108,217	3.18%
BlackRock, Inc.	39,039,324	7.26%
HSBC Holdings PLC	39,716,201	7.38%

* At the date of disclosure.

So far as the Company is aware, no other person held a notifiable interest in the ordinary share capital of the Company.

The holdings and voting rights shown above are correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified, including as result of the March Placing and March Subscription that took place in March 2020 and the June Placing, June Subscription and Retail Offer that took place in June 2020 and given that notification of any change is not required until the next notifiable threshold is crossed.

Directors

Particulars of the Directors in office as at the date of this report are listed on pages 44 and 45. There were various changes to the composition of the Board throughout FY19/20. These changes are set out in the footnotes to the meeting attendance table on page 49. The table sets out all persons who were Directors of the Company during FY19/20.

Appointment and removal of Directors

The Company may, by ordinary resolution of the shareholders of the Company at a general meeting, remove any Director from office and elect another person in place of a Director so removed from office, following a recommendation by the Nomination Committee in accordance with its Terms of Reference and approval by the Board.

The processes for the appointment and replacement of Directors are governed by the Company's Articles of Association, the Code, the Act, the LRs and related legislation. In accordance with the Code, all Directors stand for election at the Annual General Meeting ('AGM') following their appointment, and stand for re-election on an annual basis at each AGM thereafter.

Powers of the Directors

Subject to the Articles of Association, the Act and related legislation, any directions given by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

Directors' interests

The Directors' interests in shares and options over ordinary shares in the Company are shown in the Directors' Remuneration Report on page 74. In line with the requirements of the Act, each Director has notified the Company of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). These were considered and approved by the Board in accordance with the Company's Articles of Association in September 2020 and each Director was informed of the authorisation and any terms on which it was given. The Board has formal procedures to deal with Directors' conflicts of interest. The Board reviews and, where appropriate, approves certain situational conflicts of interest that are reported to it by Directors, and a register of those situational conflicts is maintained and continues to be reviewed by the Board.

Directors' indemnities

The Company has made qualifying indemnity provisions, as defined by section 236 of the Act, of which the Directors had the benefit of during the financial year ended 30 September 2020 and which remain in force at the date of this report. In addition, Directors and officers of the Company and its subsidiaries are covered by Directors' and officers' liability insurance.

DIRECTORS' REPORT CONTINUED

Awards under employee share schemes

Details of the Group's employee share schemes and awards made during the year and held by Executive Directors as at 30 September 2020 are set out in the Annual Report on Remuneration on pages 65 to 76.

Details of awards made during the year and held by employees as at 30 September 2020 under the Performance Share Plan are disclosed in note 26 and note 39 to the consolidated financial statements on pages 139 and 155 respectively.

Controlling shareholders

Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as 'controlling shareholders'. The LRs require companies with controlling shareholders to enter into a written and legally binding agreement, which is intended to ensure that the controlling shareholder complies with certain independence provisions.

As at 30 September 2020, the Company had no controlling shareholders.

Annual General Meeting

Details of the arrangements for the 2021 AGM will be set out in the Notice of Meeting, which, along with other relevant documentation, is enclosed with this Annual Report or available on the Group's website at www.foodtravelexperts.com (for those shareholders who have chosen to communicate with the Company by electronic means). Shareholders who wish to ask a question of the Board relating to the business of the AGM can do so by submitting questions in advance of the AGM, details for how to do this (and deadlines for submitting questions) are set out in the Notice of Meeting. The results of the voting will be announced to the London Stock Exchange and made available to shareholders on the Group's website after the meeting.

All holders of ordinary shares on the register at the relevant record date are entitled to receive the Notice of AGM, which will be posted at least 20 working days before the AGM. They are also entitled to appoint one or more proxies or, if they are corporations, corporate representatives, and to exercise voting rights. Shareholders may vote and appoint proxies electronically. The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be put to the AGM.

Change of control

Contracts

There are a number of contracts entered into by members of the Group that allow the counterparties to alter or terminate those arrangements in the event of a change of control of the Company. These arrangements are commercially sensitive and confidential, and their disclosure could be seriously prejudicial to the Group.

Other agreements

The Company does not have agreements with any Director, officer or employee that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's employee share plans may cause options and awards granted under such plans to vest on a takeover.

The Group's main credit facilities, being the committed bank facilities dated 16 June 2014 entered into by SSP Financing Limited, a wholly owned subsidiary of the Company ('SSP Financing') (as amended from time to time), contain a provision such that in the event of a change of control, if a lender so requires and has notified the agent within 10 business days of the agent notifying the lenders of the event, the commitment of that lender will be cancelled and all outstanding amounts, together with accrued interest under that commitment, will become repayable, on the date notified in writing by the agent that the relevant commitment has been cancelled (where such date must not be fewer than 10 business days after the date of the notice).

SSP Financing also entered into: (i) a note purchase agreement on 9 August 2018 ('2018 NPA') in respect of a US$175m issue of US private placement notes (the '2018 Notes') (as amended from time to time); and (ii) a note purchase agreement on 11 April 2019 ('2019 NPA') in respect of a US$199.5m and €58.5m issue of US private placement notes ('2019 Notes') (as amended from time to time). The 2018 NPA and 2019 NPA ('NPAs') each contain a change of control provision whereby if any one person or a group of persons acting in concert gain Control of the Company (as defined in the NPAs), then the Company and SSP Financing must give written notice of this to the holders of the 2018 Notes and 2019 Notes ('Notes'). The written notice shall contain an offer by SSP Financing to prepay the entire unpaid principal amount of the Notes held by each holder together with interest thereon.

Articles of Association

The Articles of Association of the Company may be amended by a special resolution of the shareholders.

Political donations

The Company's policy is not to make political donations. Neither the Company nor its subsidiaries, during the financial year ended 30 September 2020, made any political donation to a political party, other political organisation or independent election candidate, or incurred any political expenditure or made any contribution to a non-EU political party. The Company will propose to shareholders at the 2021 AGM that a precautionary authority be granted of up to £25,000 in aggregate. Details are included in the 2021 Notice of AGM.

Environmental, social and governance risks

The Board has identified and assessed the significant environmental, social and governance risks to the Company's short and long term value, as well as the opportunities to enhance value that may arise from improving its environmental and social performance. The Corporate Responsibility Report on pages 12 to 19 reports on environmental and social matters, including the impact of the Group's businesses on the environment and the steps we are taking to mitigate this impact. The Corporate Responsibility Report also reports on the Group's annual quantity of greenhouse emissions in tonnes of carbon dioxide, the Group's employees, and on social and community issues.

Employee engagement and business relationships

Understanding the views and values of all the Group's stakeholders, including employees, suppliers, customers and other business relationships is critical to the Group's success. Examples of how the Directors have engaged with employees and had regard to employee and other stakeholder interests and the effect of that regard, including on the principal decisions taken by the Company, are detailed throughout this report and specific examples can be found on page 11.

Details of how information is communicated to employees and how a common awareness of the financial and economic factors affecting the performance of the Company is achieved amongst the employee population can be found on pages 10 to 19.

Treasury and risk management

The Group's financial risk management objectives and policies, including its hedging policy, and the main risks arising from the Group's financial assets and liabilities are summarised in note 29 to the consolidated financial statements on pages 142 to 146.

Branch disclosure

The Company does not have any branches outside the UK.

Future Developments and Research and Development

Details regarding likely future development in the business of the Group can be found in the Strategic report on pages 1 to 19. The Group does not undertake material levels of research and development activity.

Disclosures required under UK Listing Rule 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4 which have not already been disclosed elsewhere in this report. Details of long term incentive plans can be found in the Directors' Remuneration Report on pages 62 to 85 and details of dividends waived by shareholders can be found on page 86. Details on Director salary reductions can be found in the Statement by the Chairman of the Remuneration Committee and Directors' Remuneration Report on pages 62 to 85. Furthermore, details of the March and June Placings and the June Subscription and Retail Offer can be found above on page 87.

Going concern

The financial information in these financial statements has been prepared on a going concern basis, the assessment of which is set out on pages 42 and 43 along with the Board's assessment of the prospects and viability of the Group.

Auditor

The auditor, KPMG LLP, has indicated its willingness to continue in office, and a resolution that it will be reappointed will be proposed at the 2021 AGM.

Statement of disclosure of information to auditors

Insofar as each Director in office on the date of approval of this report is aware, there is no relevant audit information of which the Company's external auditor is unaware, and the Directors have taken all the steps which they ought to have taken as Directors, to make themselves aware of any relevant audit information and to establish that the Company's external auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

Approved by the Board and signed on its behalf by:

K. H. Byrne

Helen Byrne
General Counsel and Company Secretary

16 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law. The Directors have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU or applicable UK accounting standards in the case of the parent company;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company, or to cease operations, or have no realistic alternative but to do so.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

Simon Smith
Chief Executive Officer

16 December 2020

Jonathan Davies
Chief Financial Officer

16 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC

1. Our opinion is unmodified

We have audited the financial statements of SSP Group plc ("the Company") for the year ended 30 September 2020 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, company balance sheet and company statement of changes in equity, and the related notes, including the accounting policies in note 1 and 34.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2020 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- The parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS101 Reduced Disclosure Framework; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Directors on 20 September 2006. The period of total uninterrupted engagement is for the 15 financial years ended 30 September 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£9.0m (2019: £9.5m) 0.6% of total Group revenue (2019: 4.8% of Group profit before tax)	
Coverage	79% of total Group revenue (2019: 78% of Group profit before tax)	
		vs 2019
Recurring risks	Recoverability of goodwill and indefinite life intangible assets	⬆
	Recoverability of parent's investment in subsidiary undertaking	◀▶
Event driven	Going Concern	⬆
	The impact of uncertainties due to the UK exiting the European Union on our audit	◀▶
	Recoverability of site assets	New
	Initial recognition of ROU assets and lease liabilities on transition to IFRS 16	New

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC CONTINUED

2. Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements which indicates that the ability of the Group and parent Company to continue as a going concern is dependent on the external lenders not calling the debts owing to them in the event of the Group breaching its covenants once access to the Covid Corporate Financing Facility ("CCFF") is withdrawn in February 2022 and original covenants are reinstated in March 2022, as well as its ability to raise additional funding once the CCFF is withdrawn in February 2022.

The Group's forecasts, taking into account committed facilities including the CCFF and the Group's estimates of the Covid-19 impact, under both the base case and severe but plausible downside scenarios, indicate sufficient liquidity and revised covenant compliance for at least 12 months from the date of these financial statements.

However, we note that the Group is forecasting a breach of covenants once the CCFF is repaid in February 2022 and original covenants are reinstated in March 2022, under both scenarios, as well the possible need for additional funding once the CCFF is withdrawn in February 2022.

Whilst the directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances there is no certainty that this would be the case.

These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

	The risk	Our response
	Disclosure quality There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1.2 to the financial statements represent a material uncertainty over the ability of the Group and parent Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	We assessed the accuracy and completeness of the matters covered in the Going Concern disclosure by: **Our sector experience** – We assessed and challenged the key assumptions in the forecasts used by the Directors by benchmarking these against external forecasts and our sector knowledge. **Our debt market experience** – We used our debt market experience in assessing the likelihood of covenant waivers and renewed financing being available. **Sensitivity analysis** – We considered sensitivities over the inputs to the cash flow forecasts which determine the level of available financial resources indicated by the Group's financial forecasts, taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. In particular, we assessed the Group's severe but plausible downside forecasts based on the risks resulting from the Covid-19 pandemic. **Evaluating assumptions** – We challenged the key assumptions in the forecasts used by the Directors in assessing the Going Concern assumptions and considering the reasonableness of their risks and sensitivities to these assumptions. **Funding assessment** – We obtained and inspected the signed banking agreement, approved revised covenant terms and Covid Corporate Financing Facility (CCFF) facility agreement, a commercial paper issued to eligible larger businesses who are experiencing disruption as a result of the Covid-19 pandemic, to ascertain the committed level of financing available to the Group and parent Company, the duration of the facilities and related covenant requirements. We have also assessed the evidence available to support whether the covenants will be met over the forecast period. **Historical comparisons** – We have considered the historical accuracy of the Group's cash flow forecasts and growth rates by assessing the accuracy of previous forecasts to actuals. *Our results* We found the going concern disclosure including a material uncertainty to be acceptable (2019 result: We found the going concern disclosure with no material uncertainty to be acceptable).

3. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below other key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 37 of Risk Management and Principal Risks and page 57 Audit Committee Report	*Unprecedented levels of uncertainty* All audits assess and challenge the reasonableness of estimates, in particular as described in our Recoverability of goodwill and indefinite life intangible assets, Recoverability of site assets (including property, plant and equipment and ROU assets) and Recoverability of parent's investment in subsidiary undertaking KAMs below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see above). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. **Our procedures included:** **Our Brexit knowledge** – We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. **Sensitivity analysis** – When addressing the recoverability of goodwill and indefinite life intangible assets, recoverability of site assets (including property, plant and equipment and ROU assets) and recoverability of parent's investment in subsidiary undertaking, and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. **Assessing transparency** – As well as assessing individual disclosures as part of our procedures on recoverability of goodwill and indefinitely life intangible assets, recoverability of site assets (including property, plant and equipment and ROU assets) and recoverability of parent's investment in subsidiary undertaking, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. *Our results* As reported under our Recoverability of goodwill and indefinite life intangible assets, Recoverability of site assets (including property, plant and equipment and ROU assets) and Recoverability of parent's investment in subsidiary undertaking, we found the resulting estimates and related disclosures in relation to goodwill and indefinite life intangibles, site assets and parent's investment and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC CONTINUED

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets Goodwill and indefinite life intangible assets £683.8m (2019: £706.0m) Refer to page 58 Audit Committee Report, Note 1.15 and Note 13 Accounting policies and financial disclosure	*Subjective estimate* The recoverable amount of goodwill and indefinite life intangible assets is inherently judgemental due to the subjectivity and uncertainty involved in selecting the appropriate key assumptions, such as the discount and long-term growth rates, and preparing future discounted cash flows. SSP Group plc is subject to internal and external factors, which may influence its trading in the short-term, as well as the Group's long-term strategy. These primarily include passenger travel trends, Covid-19, economic and political uncertainty, tendering and competition. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of goodwill and indefinite life intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 13) disclose the sensitivity estimated by the Group.	**Our procedures included:** **Our sector experience** – We considered the consistency of the Group's forecasts with our understanding of the business, including changes in the business, in assessing whether these matters had been appropriately captured in the impairment models. **Our valuation expertise** – We used our valuation experience in assessing the appropriateness of the methodology and assumptions. Our valuation specialists assisted us in assessing the discount rate assumptions used by the Group. **Benchmarking assumptions** – We challenged and compared the Group's assumptions to externally derived data, industry norms and our expectation based on our knowledge and experience of the Group, in relation to key inputs such as projected market growth and revenue growth rates. **Sensitivity analysis** – We have used KPMG's proprietary data analytics software tool to prepare multiple scenarios sensitising assumptions in combination to assess their impact on the recoverability of the assets. **Historical comparison** – We evaluated the historical accuracy of the Group's forecasts by comparing previous budgets to actual results. **Comparing valuations** – We compared the results of discounted cash flows against the Group's market capitalisation, after adjusting for its net debt to assess the reasonableness of those cash flows. **Assessing transparency** – We considered the adequacy of the Group's disclosure of the key risks and sensitivity around the outcome, and whether that disclosure reflected the risks inherent in the valuation of goodwill and indefinite life intangible assets. *Our results* We found the carrying amount of goodwill and indefinite life intangible assets in the Group's financial statements to be acceptable.
Recoverability of site assets Property, plant and equipment – £437.2m (2019: £466.5m) ROU assets – £1,271.2m (2019: £nil) Refer to page 58 Audit Committee Report, Note 1.15, Note 12 and Note 14	*Subjective estimate* The outbreak of Covid-19 has led to a material decline in passenger volumes which in turn has adversely impacted business performance. Assessing the recoverability of site assets relies on a number of assumptions around future trading performance, such as future sales growth rates and discount rates, that involve a high degree of estimation uncertainty. Consequently, we determined that the carrying value of site assets has a high degree of estimation uncertainty, with a range of reasonable outcomes greater than our materiality for the financial statements as a whole. Note 12 discloses the sensitivities estimated by the Group. This risk is new in the current year due to the increased economic uncertainty and changes in passenger trends.	**Our procedures included:** **Our sector experience** – We used our experience and understanding of the Group, retail and travel sectors to challenge the key assumptions used to develop the Group's forecasts, and whether these had been appropriately and consistently captured in the impairment models. **Our valuation expertise** - We used our valuation experience in assessing the appropriateness of the methodology and assumptions. Our valuation specialists assisted us in assessing the discount rate assumptions used by the Group. **Sensitivity analysis** – We have prepared multiple alternate scenarios sensitising key assumptions individually and in combination to assess their impact on the recoverability of the assets. **Historical comparison** – We evaluated the historical accuracy of the Group's forecasts by comparing budget to actual results. **Test of details** – We assessed the consistency of site assets included in the Group's CGU impairment exercise with those in accounting records, including the impact of newly created ROU assets arising during the period, as a consequence of the new leasing standard adopted in the year. **Assessing consistency** - We ensured consistency, where relevant, of forecast financial information with other forecasting exercises across the Group including the assessment of the recoverability of goodwill and intangible assets impairment and going concern cash flows forecasts. **Assessing transparency** - We also considered the adequacy of the Group's disclosure of the key risks and sensitivity around the outcome, and whether that disclosure reflected the risks inherent in the valuation of the site assets. *Our results* We found the carrying amount of site assets in the Group's financial statements to be acceptable.

	The risk	Our response
Initial recognition of right-of-use ('ROU') assets and lease liabilities on transition to IFRS 16 ROU assets at 1 October 2019 – £1,468.9m Lease Liabilities at 1 October 2019 – £1,464.5m Refer to page 59 Audit Committee Report and Note 1.3 Accounting policies and financial disclosure	*Subjective estimate* Following the adoption of IFRS 16, the accounting for lease liabilities and corresponding assets has changed with the Group bringing onto its balance sheet £1.5 billion of lease liabilities and £1.5 billion of right-of-use assets at 1 October 2019. There is a risk that existing leases are not completely identified, and that transition date recognition and measurement adjustments are not accurately recorded. Furthermore, to determine the future lease liability and base for calculating the right-of-use asset, the Group has made a number of assumptions about individual leases including lease term and discount rate. Due to it being the first year of application and the magnitude of the balance, there is a risk that inaccurate input of the key data elements or incorrect selection of assumptions such as changes in discount rate applicable, could result in a material misstatement. The effect of these matters is that, as part of our risk assessment, we determined that the lease liability and corresponding right-of-use asset has a potential range of outcomes greater than our materiality for the financial statements as a whole.	**Our procedures included:** **Assessing methodology and assumptions** – We have challenged key judgements made by management in preparing the transition adjustments, specifically lease term, discount rate and variable rates. This included considering the appropriateness of the selection of accounting policies based on the requirements of the accounting standard, our business understanding and industry practice. **Our valuation expertise** – Our valuation specialists assisted us in assessing the discount rate assumptions used by the Group on transition. **Test of details** – For a sample of leases, we have tested the accuracy of the underlying data used in preparing the transition balances through agreeing information to the original contracts. **Test of details** – We have tested the completeness of the leases identified on transition by inquiring with management and assessing consistency with revenue generated and rental expenses incurred which may suggest a lease contract is in place. **Re-performance** – For a sample of leases, we have manually recalculated the lease liability using the underlying data inputs. **Assessing transparency** – We considered the adequacy of the Group's disclosures in respect of the transition to IFRS 16. *Our results* We found the lease liabilities and right-of-use assets at 1 October 2019 to be acceptable.
Recoverability of parent's investment in subsidiary undertaking Investment in subsidiary – £947.8m (2019: £946.1m) Notes 31 and Note 35 Accounting Policies and financial disclosure	*Low risk, high value* The carrying amount of the parent company's investment in its single subsidiary represents 91% (2019: 100%) of the company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	**Our procedures included:** **Tests of detail** – We compared the carrying amount of the investment book value to the underlying aggregate recoverable amount of the Group's CGUs, after adjusting for net debt. Our procedures over those CGUs are described in our Recoverability of goodwill and indefinite life intangible assets KAM above. **Test of detail** – We compared the carrying amount of the investment to the market capitalisation for the Group (after adjusting for net debt). *Our results* We found the Group's assessment of the recoverability of the investment in subsidiary to be acceptable (2019: acceptable).

We continue to perform procedures over deferred taxes in the US. However, following assessment of the 2019 forecasts in the US, we no longer consider the estimation to be judgemental or complex. As a result, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC CONTINUED

4. Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the Group financial statements as a whole was set at £9.0m (2019: £9.5m), determined with reference to a benchmark of total Group revenue of £1,433.1m (2019: Group profit before tax of £197.2m), of which it represents 0.6% (2019: 4.8% of Group profit before tax).

We consider total Group revenue to be the most appropriate benchmark for the year ended 30 September 2020 (compared to Group profit before tax used for the year ended 30 September 2019), as it provides a more stable measure than Group profit before tax following the impact of Covid-19 on the Group's performance during the year.

Materiality for the parent company financial statements as a whole was set at £3.2m (2019: £7.6m), determined with reference to component materiality (2019: total assets). In 2020, this is lower than the materiality we would otherwise have determined by reference to total assets, of which it represents 0.3% (2019: 0.8%).

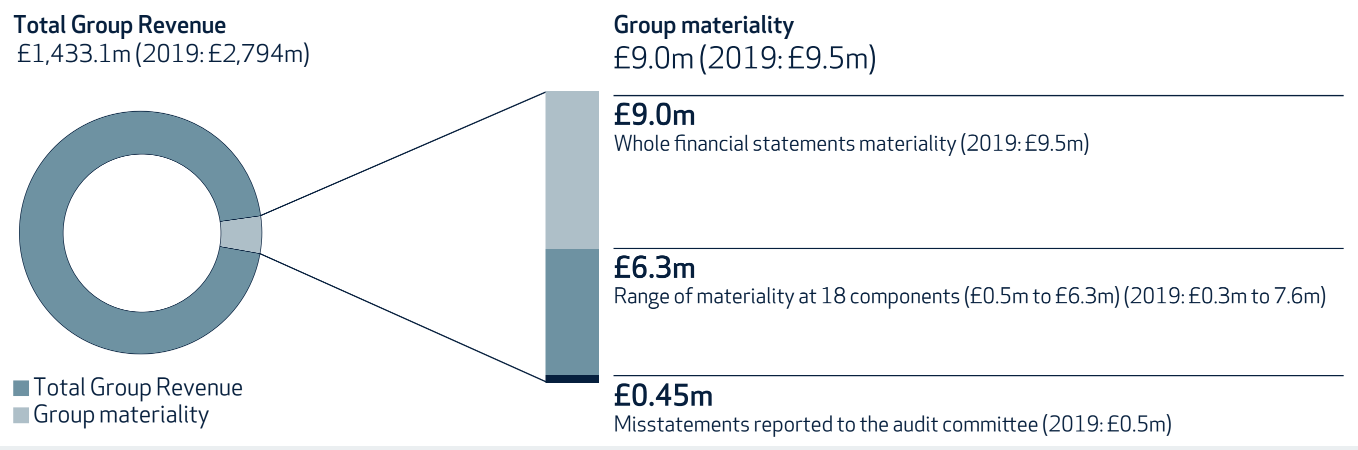
We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.45m (2019: £0.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

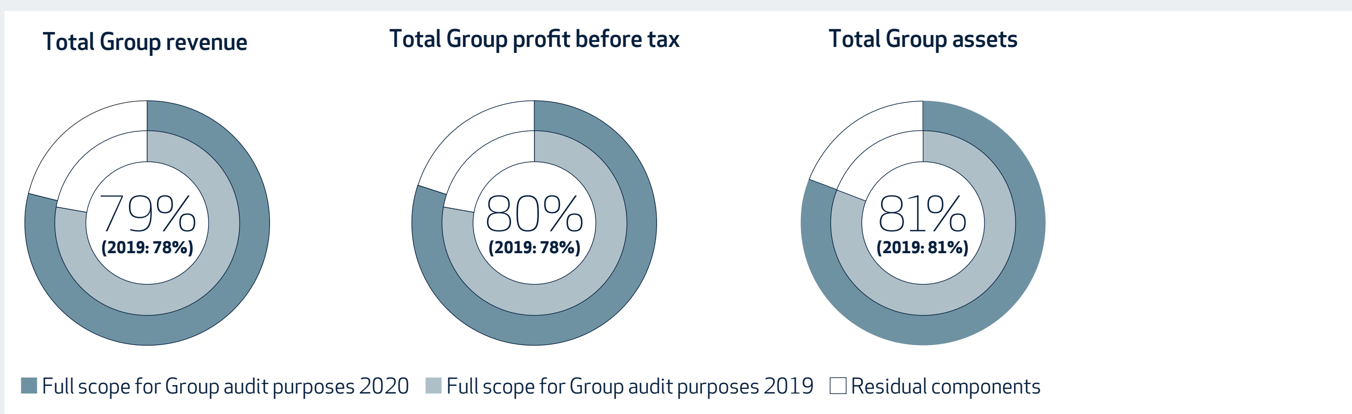
Scope

Of the Group's 88 (2019: 87) reporting components, we subjected 18 (2019: 19) to full scope audits for Group purposes.

The components within the scope of our work accounted for the percentages illustrated below.

The remaining 21% (2019: 22%) of total Group revenue, 20% (2019: 22%) of total Group profit before tax and 19% (2019: 19%) of total Group assets is represented by 70 (2019: 68) reporting components, none of which individually represented more than 3% (2019: 4%) of any of the total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed an analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.





The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materiality, which ranged from £0.5m to £6.3m (2019: £0.3m to £7.6m), having regard to the mix of size and risk profile of the Group across the components. The work on 14 (2019: 19) of the Group's 18 (2019: 19) components was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group audit team.

On account of the travel restrictions in place during the performance of the audit, the Group team has not visited any component auditor and instead held virtual conference meetings with all component auditors (2019: the Group audit team visited 5 of the 12 component locations). At these meetings the Group team discussed the audit strategy, the ongoing audit efforts and focus areas, and the findings reported to the Group audit team were discussed in more detail. Any further work required by the Group audit team was then performed by the component auditor.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement on page 42 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 92, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC CONTINUED

Auditor's responsibilities

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

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

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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

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

16 December 2020

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2020

	Notes	2020 Underlying[1,2] £m	2020 Adjustments £m	2020 Total £m	2019 Underlying[1,2] £m	2019 Adjustments £m	2019 Total £m
Revenue	4	**1,433.1**	**–**	**1,433.1**	2,794.6	–	2,794.6
Operating costs	6	**(1,748.5)**	**(48.5)**	**(1,797.0)**	(2,573.5)	(1.9)	(2,575.4)
Operating (loss)/profit		**(315.4)**	**(48.5)**	**(363.9)**	221.1	(1.9)	219.2
Share of (loss)/profit of associates	15	**(2.4)**	**–**	**(2.4)**	4.1	–	4.1
Finance income	9	**2.5**	**–**	**2.5**	2.3	–	2.3
Finance expense	9	**(56.5)**	**(5.5)**	**(62.0)**	(24.3)	(4.1)	(28.4)
(Loss)/profit before tax		**(371.8)**	**(54.0)**	**(425.8)**	203.2	(6.0)	197.2
Taxation	10	**23.7**	**4.4**	**28.1**	(45.1)	1.4	(43.7)
(Loss)/profit for the year		**(348.1)**	**(49.6)**	**(397.7)**	158.1	(4.6)	153.5
(Loss)/profit attributable to:							
Equity holders of the parent		**(334.7)**	**(40.3)**	**(375.0)**	131.5	(4.6)	126.9
Non-controlling interests	25	**(13.4)**	**(9.3)**	**(22.7)**	26.6	–	26.6
(Loss)/profit for the year		**(348.1)**	**(49.6)**	**(397.7)**	158.1	(4.6)	153.5
(Loss)/earnings per share (pence):							
– Basic	5	**(68.0)**		**(76.1)**	29.1		28.1
– Diluted	5	**(68.0)**		**(76.1)**	28.7		27.7

1 Presented on an underlying basis, which excludes non-underlying items as further explained in note 7.

2 The Group adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective approach to transition and in accordance with the standard the Group's financial results for the prior periods have not been restated. As a result, with the exception of revenue, the statutory results shown above for the year ended 30 September 2020 are not directly comparable with the prior periods. To provide a meaningful comparison with the prior periods an alternative presentation of the Group's results under IAS 17 'Leases', the previous accounting standard, is shown in note 2.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2020

	Notes	2020 £m	2019 £m
Other comprehensive income/(expense)			
Items that will never be reclassified to the income statement:			
Remeasurements on defined benefit pension schemes	23	1.2	(6.2)
Tax (charge)/credit relating to items that will not be reclassified		(2.5)	1.9
Items that are or may be reclassified subsequently to the income statement:			
Net gain/(loss) on hedge of net investment in foreign operations		4.2	(4.3)
Other foreign exchange translation differences		(19.7)	16.0
Effective portion of changes in fair value of cash flow hedges		(1.8)	(5.9)
Cash flow hedges – reclassified to income statement		1.6	3.8
Tax credit relating to items that are or may be reclassified		0.5	0.2
Other comprehensive (expense)/income for the year		(16.5)	5.5
(Loss)/profit for the year		(397.7)	153.5
Total comprehensive (expense)/income for the year		(414.2)	159.0
Total comprehensive (expense)/income attributable to:			
Equity holders of the parent		(386.1)	129.1
Non-controlling interests	25	(28.1)	29.9
Total comprehensive (expense)/income for the year		(414.2)	159.0

CONSOLIDATED BALANCE SHEET

as at 30 September 2020

	Notes	2020 £m	2019 £m
Non-current assets			
Property, plant and equipment	12	**437.2**	466.5
Goodwill and intangible assets	13	**731.2**	747.1
Right-of-use assets	14	**1,271.2**	–
Investments in associates	15	**12.2**	17.3
Deferred tax assets	16	**49.8**	28.2
Other receivables	18	**73.8**	54.3
		2,575.4	1,313.4
Current assets			
Inventories	17	**23.5**	38.7
Tax receivable		**10.1**	0.8
Trade and other receivables	18	**125.3**	205.4
Cash and cash equivalents	19	**185.0**	233.3
		343.9	478.2
Total assets		**2,919.3**	1,791.6
Current liabilities			
Short-term borrowings	20	**(158.2)**	(128.8)
Trade and other payables	21	**(399.0)**	(551.9)
Tax payable		**(20.9)**	(30.9)
Lease liabilities	22	**(289.1)**	–
Provisions	24	**(12.3)**	(4.6)
		(879.5)	(716.2)
Non-current liabilities			
Long-term borrowings	20	**(718.1)**	(587.9)
Post-employment benefit obligations	23	**(18.6)**	(19.6)
Lease liabilities	22	**(1,060.2)**	–
Other payables	21	**(4.0)**	(4.1)
Provisions	24	**(21.4)**	(29.9)
Derivative financial liabilities	29	**(5.1)**	(4.6)
Deferred tax liabilities	16	**(10.4)**	(13.7)
		(1,837.8)	(659.8)
Total liabilities		**(2,717.3)**	(1,376.0)
Net assets		**202.0**	415.6
Equity			
Share capital	25	**5.8**	4.8
Share premium	25	**472.7**	461.2
Capital redemption reserve	25	**1.2**	1.2
Merger relief reserve	25	**206.9**	–
Other reserves	25	**3.1**	12.9
Retained losses		**(559.6)**	(152.1)
Total equity shareholders' funds		**130.1**	328.0
Non-controlling interests	25	**71.9**	87.6
Total equity		**202.0**	415.6

These financial statements were approved by the Board of Directors on 16 December 2020 and were signed on its behalf by:

Jonathan Davies
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2020

	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger relief reserve £m	Other reserves £m	Retained earnings/ (losses) £m	Total parent equity £m	Non-controlling interests £m	Total equity £m
Balance at 1 October 2018	**4.8**	**461.2**	**1.2**	**–**	**(13.0)**	**(71.5)**	**382.7**	**81.8**	**464.5**
Profit for the year	–	–	–	–	–	126.9	126.9	26.6	153.5
Other comprehensive income/ (expense) for the year	–	–	–	–	6.5	(4.3)	2.2	3.3	5.5
Capital contributions from non-controlling interests (note 25)	–	–	–	–	–	–	–	9.0	9.0
Reclassification of obligation to purchase subsidiary	–	–	–	–	10.4	(10.4)	–	–	–
Dividends paid to equity shareholders (note 11)	–	–	–	–	–	(200.8)	(200.8)	–	(200.8)
Dividends paid to non-controlling interests (note 25)	–	–	–	–	–	–	–	(24.7)	(24.7)
Purchase of additional stake in subsidiary	–	–	–	–	8.3	–	8.3	(8.3)	–
Transactions with non-controlling interests	–	–	–	–	0.7	–	0.7	(0.1)	0.6
Share-based payments	–	–	–	–	–	8.2	8.2	–	8.2
Tax on share-based payments	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
At 30 September 2019	**4.8**	**461.2**	**1.2**	**–**	**12.9**	**(152.1)**	**328.0**	**87.6**	**415.6**
Loss for the year	–	–	–	–	–	(375.0)	(375.0)	(22.7)	(397.7)
Other comprehensive expense for the year	–	–	–	–	(9.8)	(1.3)	(11.1)	(5.4)	(16.5)
Capital contributions from non-controlling interests (note 25)	–	–	–	–	–	–	–	30.5	30.5
Acquisition of shares in partly owned subsidiary from non-controlling interest (note 25)	–	–	–	–	–	(4.3)	(4.3)	(0.7)	(5.0)
Equity issues (note 25)	1.0	11.5	–	206.9	–	–	219.4	–	219.4
Share buyback	–	–	–	–	–	(1.7)	(1.7)	–	(1.7)
Dividends paid to equity shareholders (note 11)	–	–	–	–	–	(26.8)	(26.8)	–	(26.8)
Dividends paid to non-controlling interests (note 25)	–	–	–	–	–	–	–	(20.4)	(20.4)
Share-based payments	–	–	–	–	–	2.0	2.0	–	2.0
Tax on share-based payments	–	–	–	–	–	0.5	0.5	–	0.5
Other movements	–	–	–	–	–	(0.9)	(0.9)	3.0	2.1
At 30 September 2020	**5.8**	**472.7**	**1.2**	**206.9**	**3.1**	**(559.6)**	**130.1**	**71.9**	**202.0**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2020

	Notes	2020 £m	2019 £m
Cash flows from operating activities			
Cash flow from operations	27	**13.4**	338.3
Tax paid		**(11.0)**	(37.1)
Net cash flows from operating activities		**2.4**	301.2
Cash flows from investing activities			
Dividends received from associates	15	**3.6**	5.2
Interest received		**2.4**	2.4
Purchase of property, plant and equipment	12	**(120.3)**	(175.9)
Purchase of other intangible assets	13	**(17.3)**	(18.1)
Acquisition in the year, net of cash and cash equivalents acquired	32	**(21.5)**	(3.4)
Investment in associate	15	**–**	(3.0)
Net cash flows from investing activities		**(153.1)**	(192.8)
Cash flows from financing activities			
Equity funding from shareholders	25	**227.2**	–
Equity raising expenses	25	**(7.8)**	–
Share buyback		**(1.7)**	–
Receipt of bank loans	20	**32.1**	–
Repayment of borrowings		**–**	(32.0)
Drawdown on revolving credit facility	20	**–**	27.5
Repayment of revolving credit facility	20	**(97.5)**	–
Receipt of USPP debt	20	**101.8**	239.8
Drawdown on Covid Corporate Financing Facility	20	**125.0**	–
Purchase of additional 16% stake in TFS		**–**	(22.4)
Repayment of finance leases and other loans		**–**	(3.2)
Payment of lease liabilities - principal	22	**(172.6)**	–
Payment of lease liabilities - interest	22	**(27.8)**	–
Refinancing fee paid		**–**	(1.3)
Acquisition of shares in partly owned subsidiary from non-controlling interest	25	**(5.0)**	–
Interest paid excluding interest on lease liabilities		**(22.0)**	(18.5)
Dividends paid to equity shareholders	11	**(26.8)**	(200.8)
Dividends paid to non-controlling interests	25	**(20.4)**	(24.7)
Capital contributions from non-controlling interests	25	**3.1**	9.0
Net cash flows from financing activities		**107.6**	(26.6)
Net (decrease)/increase in cash and cash equivalents		**(43.1)**	81.8
Cash and cash equivalents at beginning of the year		**233.3**	147.8
Effect of exchange rate fluctuations on cash and cash equivalents		**(5.2)**	3.7
Cash and cash equivalents at end of the year		**185.0**	233.3

Prior year comparatives have not been restated for IFRS 16 'Leases'. Additional information about the impact of IFRS 16 is included in note 1.

A reconciliation of net debt movements in the year has been provided in note 28.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

1.1 Basis of preparation

SSP Group plc (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group) and equity-account the Group's interest in its associates. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in Sterling, which is the Company's functional currency. All information is given to the nearest £0.1m.

The financial statements are prepared on the historical cost basis, except in respect of financial instruments (including derivative instruments) and defined benefit pension schemes which are measured at fair values, as explained in the accounting policies below.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going concern

These financial statements are prepared on a going concern basis.

The Board has reviewed the Group's trading forecasts, incorporating the impact on SSP of Covid-19, as part of the Group's adoption of the going concern basis, in which context the Directors have reviewed cash flow forecasts prepared for a period of 16 months from the date of approval of these financial statements, with a number of different scenarios considered. Having carefully reviewed these forecasts, the Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below.

Since the onset of Covid-19, management has taken decisive action to protect cash, minimise costs and raise additional liquidity to allow the Company to operate throughout even its most pessimistic trading scenario. This action to increase liquidity included a £209m (net of related fees) equity placing and share subscription in late March 2020, followed shortly afterwards by securing access to the Bank of England's Covid Corporate Financing Facility (CCFF), under which facility the Group was permitted to draw up to £300m. In addition, the Group also secured access to a number of additional smaller liquidity lines, including government-backed facilities in France, Spain and Switzerland, providing a further £44m.

At the end of the year, the Group had approximately £520m of available liquidity, including cash of £185m and committed undrawn revolving credit facilities of £150m, as well as a further £175m available to be drawn down under the CCFF. The £150m revolving credit facility is committed until July 2022, while the Bank of England has confirmed that the Group can draw down the maximum £300m available to it under the CCFF for a period extending through to February 2022.

In making the going concern assessment, the directors have modelled a number of scenarios for the period to March 2022. The base case scenario is consistent with the Board-approved 2021 Budget, adjusted for the lockdown across England announced by the UK Government on 31 October, as well as significantly increased government-imposed restrictions in many other parts of Continental Europe which are likely to remain in place for the immediate future. Our Budget reflects our expectations of ongoing challenging trading conditions for the remainder of this financial year, with sales recovering only gradually in calendar year 2021 and remaining well below pre-pandemic levels for the duration of the going concern period. While the recent positive news on the development of potential vaccines is extremely encouraging, the Directors recognise that the pace of the anticipated recovery in sales and passenger numbers in our markets remains uncertain.

In light of the considerable uncertainty surrounding the ongoing impact of Covid-19, a downside scenario has also been modelled, applying severe but plausible assumptions to the base case. This scenario assumes a further twelve week lockdown (in addition to the November lockdown), lasting from December until February. The downside scenario then assumes a gradual recovery, but at a much slower pace than envisaged in our Budget throughout the second and third quarters of the current financial year. Only by the fourth quarter do our downside sales assumptions converge with those in our Budget.

In both the base case and the downside case the Group would continue to have sufficient liquidity headroom based on the cash and available facilities as described above.

In addition to the action taken in the Spring to strengthen liquidity, the Group secured an agreement in May 2020 from SSP's lending group of banks and its US private placement note holders to waive existing financial covenants ('existing covenants'), testing both interest cover and leverage, for the two testing periods covering the twelve months to 30 September 2020 and 31 March 2021. They agreed that these existing covenants would be replaced between the date of the agreement and 30 September 2021 by two new covenants ('new covenants'), each tested monthly, with the first of these based on the Group demonstrating a minimum level of liquidity and the second based on the Group not exceeding a maximum level of net debt. For the testing period ending 30 September 2021 both the existing and new covenants would be relevant, with the Group returning to the existing covenants thereafter once compliance with the existing covenants had been confirmed.

In order to provide the maximum financial flexibility for the Group through this exceptionally challenging period, we have now agreed further covenant waivers and amendments covering the period up to March 2022. As was the case with the covenant amendments agreed in May, the existing financial covenant testing leverage has been waived, until reinstated in March 2022, with the two temporary, monthly-tested new covenants on minimum liquidity and maximum net debt introduced for a further six months from October 2021. For the testing period ending 31 March 2022 both the existing and new covenants would be relevant, with the Group returning to the existing covenants thereafter, once compliance with the existing covenants has been confirmed. In addition, we have agreed to an additional new covenant, testing minimum EBITDA thresholds for the six months ending 30 September 2021 and 31 December 2021. Modified interest cover tests (calculated on a last six months basis) will also be applied at these two testing dates. All of these new covenant thresholds have been based on our most pessimistic trading scenario.

Although the Directors are confident that the Group has sufficient headroom to stay within the applicable new covenants for at least the next twelve months, they also recognise that there is likely to be continued disruption to travel markets during 2021, notwithstanding the recent vaccine developments, and as a consequence it is difficult to predict with confidence the overall impact of Covid-19 on the Group's profitability in the twelve month period ending March 2022 at this stage. Given this level of uncertainty, there are scenarios in which the Group could breach its existing interest cover and leverage covenants at the end of March 2022 when these tests are reinstated, as well as the minimum liquidity covenant when the CCFF is expected to be repaid in the first quarter of 2022.

In adopting the going concern basis of preparation, the Directors took account of the fact that they would be able to raise additional liquidity prior to the repayment of the CCFF in early 2022 , and that management would remain in close dialogue with both lenders and noteholders, and would seek further covenant waivers should the need arise. Nevertheless, the possibility of a covenant breach during the first quarter of calendar year 2022, together with the possible requirement to raise additional liquidity prior to the repayment of the CCFF at that time, cannot be discounted, and as such represents a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, and that it therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

After reviewing the most recent projections and the sensitivity analysis and having carefully considered the material uncertainty and the mitigating actions available as set out in the previous paragraph, the Directors believe that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not contain any adjustments that would be necessary if that basis were inappropriate.

1.3 New accounting standards adopted by the Group

There have been significant changes to accounting under IFRS which have affected the Group's financial statements. New standards and interpretations effective for periods commencing on or after 1 January 2019 and therefore applicable to the Group's financial statements for the financial year ended 30 September 2020 are listed below:

- IFRS 16 'Leases'.
- Covid-19-related rent concessions (amendment to IFRS 16).
- IFRIC 23 'Uncertainty over income tax treatments'.
- Amendments to IFRS 9 'Prepayment features with negative compensation'.
- Amendments to IAS 28 'Long term interests in associates and joint ventures'.
- Amendments to IAS 19 'Plan amendment, curtailment or settlement'.
- Annual improvements to IFRS 2015-2017 cycle.

The nature and effect of the changes to the Group's accounting policies as a result of the adoption of IFRS 16 is set out below. The adoption of the other standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

IFRS 16 'Leases'

The Group adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition. The new standard requires that the Group's leased assets are recorded as right-of-use assets together with their corresponding lease liabilities. Adoption of the new standard has had a material impact on the Group's financial statements, with right-of-use assets of £1,468.9m recognised on transition together with lease liabilities of £1,464.4m. As at 30 September 2020 the right-of-use assets were £1,271.2m and the lease liabilities were £1,349.3m.

The Group's lease portfolio consists of approximately 1,500 leases which are within the scope of IFRS 16, principally for concession contracts, offices, warehouses, vehicles and equipment for which the Group has been collating data for a number of years in preparation for the new standard. This data has been used in conjunction with a lease accounting tool implemented for the Group to provide the accounting entries required under IFRS 16.

On transition, the lease liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate on the date of transition. The right-of-use assets have been measured at the carrying amounts that would have been in place had the standard been applied since the commencement of each lease, discounted using the incremental borrowing rate at the date of transition. The weighted average incremental borrowing rate applied to the Group's lease portfolio on 1 October 2019 was 1.62%.

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

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

The impact of the adoption of IFRS 16 on the opening balance sheet as at 1 October 2019 is shown in the table below. Further details on right-of-use assets by class are shown in note 14.

	As at 30 September 2019 £m	Impact of IFRS 16 £m	Restated as at 1 October 2019 £m
Right-of-use assets	–	1,468.9	1,468.9
Other receivables	118.4	(10.9)	107.5
Other payables	(201.3)	2.6	(198.7)
Provisions	(34.5)	3.8	(30.7)
Lease liabilities	–	(1,464.4)	(1,464.4)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

A reconciliation of operating lease commitments disclosed in the Group's 2019 Annual Report and Accounts to the lease liability recognised as at 1 October 2019 is shown below:

	£m
Operating lease commitments disclosed at 30 September 2019	(2,000.2)
Discounted using the lessee's incremental borrowing rate at 1 October 2019	117.4
Leases committed not yet started	289.4
Short-term and low-value leases recognised on a straight-line basis as an expense	129.0
Lease liability recognised as at 1 October 2019	**(1,464.4)**

Under IFRS 16, the operating lease expense previously recorded in operating costs has been replaced by a depreciation charge, which is higher in the current period than the operating lease expense recognised under IAS 17, the previous accounting standard for leases, and a separate interest expense, recorded in finance expense. This significantly impacts certain line items in the Group's consolidated income statement and distorts comparisons with prior periods because in accordance with the standard, as a result of the Group transitioning to IFRS 16 using the modified retrospective approach, prior periods have not been restated. However, in order to provide a meaningful comparison with prior periods, the Group's financial results for the year ended 30 September 2020 have also been presented in accordance with IAS 17. The results for the year ended 30 September 2020 under IAS 17 are referred to as 'Pro forma IAS 17'. Note 2 includes a consolidated income statement showing the results for the year ended 30 September 2020 both as reported under IFRS 16 and on a pro forma IAS 17 basis together with growth rates versus the prior period on a like-for-like basis under IAS 17.

A summary of the impact of the adoption of IFRS 16 on the Group's underlying results for the year ended 30 September 2020 compared to the pro forma IAS 17 results is shown in the table below:

	Pro forma IAS 17 2020 £m	Impact of IFRS 16 £m	IFRS 16 2020 £m
Underlying[1] operating loss	(211.7)	(103.7)	(315.4)
Underlying* loss before tax	(239.6)	(132.2)	(371.8)
Underlying* loss per share (pence)	(45.4)	(22.6)	(68.0)

1 Stated on an underlying basis, which excludes non-underlying items detailed in note 7.

There is no net cash flow impact arising from the adoption of the new standard. As discussed in the going concern section above, the Group's principal debt covenants, which are net debt to EBITDA and interest cover, have been waived for 30 September 2020, 31 March 2021 and 30 September 2021 (in the case of net debt only) and replaced by new covenants based on minimum liquidity and a maximum consolidated net debt levels as well as (from 30 September 2021) minimum EBITDA and modified interest cover. These new covenants are measured on a historical accounting standards basis and are therefore unaffected by the adoption of IFRS 16. The Group does not intend to alter its approach going forward as to whether assets should be leased or bought.

From 1 October 2019, the Group's lease accounting policy is as follows:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset. Variable lease payments are recognised as an expense in the income statement in the period they are incurred. For short term leases and low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Covid-19-related rent concessions

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

Policies applicable before adoption of IFRS 16 on 1 October 2019

Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rent which is dependent on variable factors, such as unit sales, is recognised in the period in which it is incurred.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.4 Accounting standards issued but not yet effective

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to references to the conceptual framework in IFRS standards
- Amendments to IFRS 3 'Definition of a business'
- Amendments to IAS 1 and IAS 8 'Definition of material'
- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest rate benchmark reform'
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Sale of Contribution of Assets between an investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'
- Onerous Contracts - Cost of fulfilling a Contract (Amendments to IAS 37)

1.5 Basis of consolidation

The financial statements of the Group consolidate the results of the Company and its subsidiary entities, together with the Group's attributable share of the results of associates. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated in full.

Subsidiaries
Subsidiaries are entities controlled by the Group. Control is the power to direct the relevant activities of the subsidiary that significantly affect the subsidiary's return so as to have rights to the variable return from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates
An associate is an undertaking in which the Group has a long-term equity interest and over which it has the power to exercise significant influence.

Associates are accounted for using the equity method and are initially recognised at cost (including transaction costs). The Group's interest in the net assets of associates is reported as an investment on the consolidated balance sheet and its interest in their results are included in the consolidated income statement below the Group's operating profit. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity-accounted investees, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the Group's investment is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Investments in associates are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment review compares the net carrying value with the recoverable amount, where the recoverable amount is the higher of the value in use, calculated as the present value of the Group's share of the investees' future cash flows and the fair value less costs of disposal.

1.6 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentation currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as appropriate. When a foreign operation is disposed of, such that control, joint control or significant influence is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to the income statement.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to the income statement as an adjustment to the profit or loss on disposal.

1.7 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(b) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(c) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

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

The Group applies the simplified approach and records lifetime expected credit losses for trade and other receivables. The basis on which expected credit losses are measured uses historical cash collection data for periods of at least 24 months wherever possible. The historical loss rates are adjusted where macro-economic, industry specific factors or known issues to a specific debtor are expected to have a significant impact when determining future expected credit losses. For the 2020 financial year, less reliance has been placed on historical cash collection data due to the uncertainty caused by Covid-19, and instead the Group has focused on reviewing receivables in the context of their macro-economic circumstances and the government support packages available to them. Trade and other receivables are fully written off when each business unit determines there to be no reasonable expectation of recovery.

Other financial assets

Other financial assets comprise money market funds that are not readily convertible to cash. These are held on the balance sheet at amortised cost.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits and liquid investments, and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Where a modification to the terms of existing borrowings has taken place, the difference between the current carrying amount of borrowings and the modified net present value of future cash flows is taken to the income statement.

1.9 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the cash flow hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in other comprehensive income are recycled into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those specified above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement.

The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

1.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

For the comparative 2019 reporting period, which has been prepared under the requirements of IAS 17 'Leases', leases in which the Group assumed substantially all the risks and rewards of ownership of the leased asset have been classified as finance leases. Leased assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings — 50 years
- Leasehold buildings — the life of the lease
- Plant and machinery — 3 to 13 years
- Fixtures, fittings, tools and equipment — 3 to 13 years

Leasehold buildings are included above to show the policy in effect for the comparative reporting period prior to transition to IFRS 16.

1.11 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value as are the identifiable assets and liabilities acquired. The excess of the fair value of consideration transferred over the fair value of net assets acquired is accounted for as goodwill. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

Non-controlling interests arising from acquisition are accounted for based on the proportionate share of the fair value of identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1.12 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and, therefore, no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent company.

1.13 Goodwill and intangible assets

Goodwill

Goodwill is allocated to groups of cash-generating units (CGUs) as this is the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is not amortised but is tested annually for impairment, or when impairment triggers have been identified, at the level at which it is allocated when accounting for business combinations. Goodwill is stated at cost less any accumulated impairment losses.

Indefinite life intangible assets

Indefinite life intangible assets relate to brands recognised on acquisition of the SSP business in 2006. Indefinite life intangible assets are treated as having an indefinite life due to the nature of those assets along with continued investment by the Group, and are tested annually for impairment or when impairment triggers have been identified, at the level at which they are allocated when accounting for business combinations. .

Definite life and software intangible assets

Definite life intangible assets, consisting mainly of brands and franchise agreements and software, that are acquired/purchased by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense is incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets (between 3 and 15 years) unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use.

1.14 Inventories

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

1.15 Impairment excluding inventories and deferred tax assets

Financial assets

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired (with a charge to the income statement) if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has had a negative effect on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated in each period at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (or group of units) on a pro rata basis. Any subsequent reduction in an impairment loss in respect of goodwill is not reversed.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

1.16 Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting the amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined plans are recognised in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the employing company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under a short-term cash bonus if the employing company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of service and non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to equity reserves, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of service and non- market-based vesting conditions. The impact of changes to the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

1.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at an appropriate rate.

1.18 Segment information

Segment information is provided based on the geographical segments that are reviewed by the chief operating decision-maker. In accordance with the provisions of IFRS 8 'Operational segments', the Group's chief operating decision-maker is the Board of Directors. The operating segments are aggregated if they meet certain criteria. Segment results include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, finance income, finance charges and income tax. No disclosure is made for net assets/liabilities as these are not reported by segment to the chief operating decision-maker.

1.19 Revenue

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

Sale of goods

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

Provision of catering services

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

1.20 Supplier income

The Group enters into agreements with suppliers to benefit from promotional activity and volume growth. Supplier incentives, rebates and discounts are recognised within cost of sales as they are earned.

1.21 Underlying items

Underlying items are those that, in management's judgement, need to be disclosed by virtue of their size, nature or incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group more accurately. Such items are included within the income statement caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Non-underlying and exceptional items

The Group makes reference to non-underlying items in presenting the Group's statutory profitability measures. These comprise one-off exceptional items, and other recurring non-exceptional items. Non-underlying items are items not considered reflective of the normal trading performance of the business. Exceptional items are non-recurring items of expense or income which are exceptional because of their size, nature or incidence and as such have been presented separately. Examples of exceptional items include restructuring expenses and impairment of goodwill, property plant and equipment and right-of-use assets.

1.22 Finance income and expense

Finance income comprises interest receivable on funds invested and net foreign exchange gains that are recognised in the income statement. Finance expense comprises interest payable, finance charges on shares classified as liabilities, unwinding of the discount on lease liabilities, the unwinding of the discount on provisions and net foreign exchange losses that are recognised in the income

statement. Interest income and interest expense are recognised in the income statement as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.23 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No provision is made for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

1.24 Share capital

Where the Company purchases its own share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1.25 Government grants

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

Where a government or a government guaranteed bank loan has been received with below-market interest rates, the loan is accounted for initially at fair value discounted at market rates with the difference between the cash received and the fair value at market rates being recognised as deferred income. The unwind of the discount and the deferred income are released to and netted in finance charges in the income statement, on a straight-line basis over the duration of loan.

Other than the changes discussed in 1.2, the accounting policies adopted are consistent with those of the previous year.

2. Pro forma consolidated income statement

As referred to in note 1, the Group adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective approach to transition. In accordance with the standard, prior periods have not been restated and as a result comparisons with prior periods are distorted. However, in order to provide a meaningful comparison with prior periods which were accounted for under IAS 17 'Leases', the table below shows the Group's underlying financial results for the year ended 30 September 2020 presented in accordance with IAS 17 under the heading 'Pro forma underlying IAS 17':

	2020 Underlying IFRS 16 £m	2020 Impact of IFRS 16 £m	2020 Pro forma Underlying IAS 17 £m	2019 Underlying IAS 17 £m	Year-on-year change IAS 17 %
Revenue	1,433.1	–	1,433.1	2,794.6	(48.7)%
Operating costs	(1,748.5)	103.7	(1,644.8)	(2,573.5)	36.1%
Operating (loss)/profit	(315.4)	103.7	(211.7)	221.1	(195.7)%
Share of (loss)/profit of associates	(2.4)	0.7	(1.7)	4.1	(141.5)%
Finance income	2.5	–	2.5	2.3	8.7%
Finance expense	(56.5)	27.8	(28.7)	(24.3)	(18.1)%
(Loss)/profit before tax	(371.8)	132.2	(239.6)	203.2	(217.9)%
Taxation	23.7	(17.4)	6.3	(45.1)	114.0%
(Loss)/profit for the year	(348.1)	114.8	(233.3)	158.1	(247.6%)
(Loss)/profit attributable to:					
Equity holders of the parent	(334.7)	111.0	(223.7)	131.5	(270.2)%
Non-controlling interests	(13.4)	3.8	(9.6)	26.6	(136.1)%
(Loss)/profit for the year	(348.1)	114.8	(233.3)	158.1	(247.6)%
(Loss)/earnings per share (pence):					
– Basic	(68.0)		(45.4)	29.1	(256.0)%
– Diluted	(68.0)		(45.4)	28.7	(258.2)%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Significant accounting estimates and judgements

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

Key sources of estimation uncertainty

Impairment of assets in CGUs

The Group is required to test the assets (both property, plant and equipment and right-of-use assets) within a cash-generating unit (CGU) for impairment annually if there is a trigger for impairment. The Group has identified each operating site, such as an airport or rail station, as a CGU for the purpose of the impairment review, on the basis that within one site the units are interdependent because the market dynamics (and thus cash inflow and outflows) in one unit could impact other units. The economic impact of Covid-19 has been identified as a specific trigger for impairment and as such all CGUs within the Group have been tested for impairment.

The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are discount rates and cash flow forecasts. The cash flow forecast period is based on length of the lease term of contracts held within a site. The values applied to the key assumptions in the value in use calculations are derived from a combination of internal and external factors, based on past experience together with management's future expectations about business performance. The pre-tax discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the country in which the CGU operates. Inputs into the discount rate calculation include a country risk-free rate and inflation differential to the UK, country risk premium, market risk premium and company specific premium. Note 12 provides further details of impairment reviews performed and associated sensitivities.

Impairment of goodwill and intangible assets

The Group recognises goodwill and indefinite life intangible assets that have arisen through acquisitions. These assets are subject to impairment reviews to ensure that the assets are not carried above their recoverable amounts. For goodwill and indefinite life intangible assets, reviews are performed annually as well as when there is a specific trigger for impairment. For other intangible assets, reviews are performed if events or circumstances indicate that this is necessary. As discussed above for impairment of assets in CGUs, the economic impact of Covid-19 has been identified as a specific trigger for impairment.

The recoverable amounts of CGUs or groups of CGUs have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by the Board. The key assumptions used for the value in use calculations and associated sensitivities are set out in note 13 to these financial statements.

Critical accounting judgements

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

The Group adopted IFRS 16 'Leases' with effect from 1 October 2019. The new standard requires that the Group's leased assets are recorded as right-of-use assets together with their corresponding lease liabilities. Adoption of the new standard has had a material impact on the Group's financial statements, with right-of-use assets of £1,468.9m recognised on transition together with lease liabilities of £1,464.4m.

On transition, the lease liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate on the date of transition. The right-of-use assets have been measured at the carrying amounts that would have been in place had the standard been applied since the commencement of each lease, discounted using the incremental borrowing rate (IBR) at the date of transition.

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group exercises judgement on whether or not such options will be exercised for the leases which directly impacts on the length of the lease term and as such the quantum of the lease liability and ROU asset recognised at transition. In making the judgement, the Group considers several factors including: profitability of the underlying assets, costs to exit, importance of the site in gaining further business with clients and forecasted capital expenditure. In overall terms, automatic renewal is not reasonably certain.

Similarly, the Group exercises judgement on computation of the IBR which is used to measure lease liabilities. The local currency interbank swap rate is used as a reference rate which takes into consideration the currency that the lease originates in and the lease term. This is adjusted by the group financing margin, as a proxy for the cost of financing.

Current and deferred tax

The Group is required to determine the corporate tax provision in each of the many jurisdictions in which it operates. During the ordinary course of business, there are transactions and calculations for which the ultimate determination is uncertain. As a result the Group recognises tax liabilities based on estimates of whether additional taxes will be due. The recognition of tax benefits and assessment of provisions against tax benefits requires management judgement. In particular the Group is routinely subject to tax audits in many jurisdictions, which by their nature are often complex and can take several years to resolve. Provisions are based on management's interpretation of country-specific tax law and the likelihood of settlement, and have been calculated using the single best estimate of likely outcome approach. Management takes advice from in-house tax specialists and professional tax advisors, and uses previous experience to inform its judgements. To the extent that the outcome differs from the estimates made, tax adjustments may be required in future periods.

The evaluation of recoverability of deferred tax assets requires judgements to be made regarding the availability of future taxable income. Management therefore recognises deferred tax assets only where it believes it is probable that such assets will be realised, taking account of current levels of profitability and forecasts prepared for budgets and the Group's Medium Term Plan (as referred to in the viability statement in the risk management section of the Strategic Report).

4. Segmental reporting

SSP operates in the food and beverage travel sector, mainly at airports and railway stations.

Management monitors the performance and strategic priorities of the business from a geographic perspective, and in this regard has identified the following four key 'reportable segments': the UK, Continental Europe, North America and the Rest of the World (RoW). The UK includes operations in the United Kingdom and the Republic of Ireland; Continental Europe includes operations in the Nordic countries, Western Europe and Southern Europe; North America includes operations in the United States and Canada; and RoW includes operations in Eastern Europe, the Middle East, Asia Pacific, India and Brazil. These segments comprise countries which are at similar stages of development and demonstrate similar economic characteristics.

The Group's management assesses the performance of operating segments based on revenue and underlying operating profit. Interest income and expenditure are not allocated to segments, as they are managed by a central treasury function, which oversees the debt and liquidity position of the Group. The non-attributable segment comprises of costs associated with the Group's head office function and the depreciation of central assets. Revenue is measured in a manner consistent with that in the income statement.

2020 (IFRS 16)	**UK £m**	**Continental Europe £m**	**North America £m**	**RoW £m**	**Non-attributable £m**	**Total £m**
Revenue	**410.1**	**558.2**	**274.9**	**189.9**	**–**	**1,433.1**
Underlying operating loss	**(28.7)**	**(148.1)**	**(55.4)**	**(55.6)**	**(27.6)**	**(315.4)**
Non-underlying items (note 7)	**(10.3)**	**(45.4)**	**(7.9)**	**18.3**	**(3.2)**	**(48.5)**
Operating loss	**(39.0)**	**(193.5)**	**(63.3)**	**(37.3)**	**(30.8)**	**(363.9)**
2020 (Pro forma IAS 17)						
Revenue	**410.1**	**558.2**	**274.9**	**189.9**	**–**	**1,433.1**
Underlying operating loss	**(12.4)**	**(103.2)**	**(43.7)**	**(24.8)**	**(27.6)**	**(211.7)**
2019 (as reported under IAS 17)						
Revenue	840.5	1,036.9	533.4	383.8	–	2,794.6
Underlying operating profit/(loss)	101.8	79.3	41.9	35.9	(37.8)	221.1
Non-underlying items (note 7)	(1.5)	(0.4)	–	–	–	(1.9)
Operating profit/(loss)	100.3	78.9	41.9	35.9	(37.8)	219.2

Disclosure in relation to net assets and liabilities for each reportable segment is not provided as these are only reported on and reviewed by management in aggregate for the Group as a whole.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. Segmental reporting continued

Additional information

Although the Group's operations are managed on a geographical basis, we provide additional information in relation to revenue, based on the type of travel locations as follows:

Turnover	2020 £m	2019 £m
Air	**859.8**	1,800.2
Rail	**456.7**	853.9
Other	**116.6**	140.5
	1,433.1	2,794.6

The following amounts are included in underlying operating profit:

2020 (IFRS 16)	UK £m	Continental Europe £m	North America £m	RoW £m	Non-attributable £m	Total £m
Depreciation and amortisation[1]	**(78.3)**	**(183.7)**	**(72.7)**	**(78.0)**	**(6.1)**	**(418.8)**
2020 (pro forma IAS 17)						
Depreciation and amortisation[1]	**(15.4)**	**(42.4)**	**(33.4)**	**(16.2)**	**(6.1)**	**(113.5)**
2019 (as previously reported under IAS 17)						
Depreciation and amortisation[1]	(15.2)	(35.6)	(31.3)	(18.6)	(4.6)	(105.3)

[1] Excludes amortisation of acquisition-related intangible assets and accelerated depreciation as detailed in note 7.

A reconciliation of underlying operating (loss)/profit to (loss)/profit before and after tax is provided as follows:

	2020 (IFRS 16) £m	2019 (IAS 17) £m
Underlying operating (loss)/profit	**(315.4)**	221.1
Non-underlying operating costs (note 7)	**(48.5)**	(1.9)
Share of (loss)/profit from associates	**(2.4)**	4.1
Finance income	**2.5**	2.3
Finance expense	**(56.5)**	(28.4)
Non-underlying finance expense (note 7)	**(5.5)**	–
(Loss)/profit before tax	**(425.8)**	197.2
Taxation	**28.1**	(43.7)
(Loss)/profit after tax	**(397.7)**	153.5

The Group's customer base primarily represents individuals or groups of individuals travelling through airports and railway stations. It does not rely on a single major customer; therefore additional segmental information by customer is not provided.

5. Earnings per share

Basic earnings per share is calculated by dividing the result for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the result for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted by potentially dilutive outstanding share options.

Underlying earnings per share is calculated the same way except that the result for the year attributable to ordinary shareholders is adjusted for specific items as detailed in the below table.

On 26 April 2019, the Group paid a special dividend of £149.8m to shareholders. In order to maintain the comparability of the Company's share price before and after the special dividend, a share consolidation was undertaken on 15 April 2019, with shareholders receiving 20 new ordinary shares in exchange for every 21 existing ordinary shares. The 2019 weighted average number of ordinary shares outstanding for the period was adjusted for the share consolidation from the date the special dividend was paid.

	IFRS 16 2020 £m	IAS 17 2019 £m
(Loss)/profit attributable to ordinary shareholders	(375.0)	126.9
Adjustments:		
Non-underlying operating costs (note 7)	48.5	1.9
Net revaluation and unwind of discount on obligation to acquire shareholdings from non–controlling interest	–	1.9
Non-underlying finance costs (note 7)	5.5	2.2
Tax effect of adjustments	(4.4)	(1.4)
Less non-underlying costs attributable to non-controlling interest	(9.3)	–
Underlying (loss)/profit attributable to ordinary shareholders	(334.7)	131.5
Basic weighted average number of shares	492,458,604	452,360,460
Dilutive potential ordinary shares	–	5,953,867
Diluted weighted average number of shares	492,458,604	458,314,327
Earnings per share (pence):		
– Basic	(76.1)	28.1
– Diluted	(76.1)	27.7
Underlying earnings per share (pence):		
– Basic	(68.0)	29.1
– Diluted	(68.0)	28.7

The number of ordinary shares in issue as at 30 September 2020 was 537,596,432 which excludes treasury shares (2019: 444,852,520). The Company also holds 263,499 shares in treasury.

Potential ordinary shares can only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group has recognised a loss for the period, none of the potential ordinary shares are considered to be dilutive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6. Operating costs

	IFRS 16 2020 £m	IAS 17 2019 £m
Cost of food and materials:		
Cost of inventories consumed in the period	**(431.1)**	(806.7)
Labour cost:		
Employee remuneration	**(518.6)**	(809.3)
Overheads:		
Depreciation of property, plant and equipment[1]	**(111.0)**	(98.3)
Depreciation of right-of-use assets	**(305.3)**	–
Amortisation of intangible assets	**(10.6)**	(8.9)
Impairment of property, plant and equipment	**(38.4)**	–
Impairment of right-of-use assets	**(38.2)**	–
Impairment of goodwill	**(33.0)**	–
Profit on lease disposal	**0.3**	–
Other exceptional costs	**(22.7)**	–
Rentals payable under leases	**(149.2)**	(551.8)
IFRS 16 rent credit	**91.9**	–
Other overheads	**(231.1)**	(300.4)
	(1,797.0)	(2,575.4)

[1] Capped to the life of the related unit lease where relevant.

The Group's rentals payable consist of fixed and variable elements depending on the nature of the contract and the levels of revenue earned from the respective sites. £110.6m of the expense relates to variable elements, and the remaining £38.6m is rent from short-term leases. These payments are not capitalised under IFRS 16.

The fixed element of rent during the year was £229.4m on a pro forma IAS 17 basis (2019: £350.5m).

Employee remuneration is shown net of government grants received in the year of £79.4m. These grants relate to support packages made available by several national governments in response to the Covid-19 pandemic, such as the UK Government's Coronavirus Job Retention Scheme. In addition, government support has been paid directly to employees in certain countries in response to Covid-19. Other forms of government support for operating expenditure totalled £20.3m. This is primarily attributable to business rates relief in the UK (£9.1m), and rent relief in Denmark (£3.7m) and Norway (£1.3m).

Non-underlying items within operating costs are detailed in note 7.

Auditor's remuneration:

	2020 £m	2019 £m
Audit of these financial statements	**0.5**	0.3
Audit of financial statements of subsidiaries pursuant to legislation	**1.0**	1.0
Audit related services	**0.3**	0.3
	1.7	1.6

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis.

7. Non-underlying items

	Exceptional 2020 £m	Non-exceptional 2020 £m	Total non-underlying items 2020 £m	2019 £m
Operating costs				
Impairment of goodwill	(33.0)	–	(33.0)	–
Impairment of property, plant and equipment	(38.4)	–	(38.4)	–
Impairment of right-of-use assets	(38.2)	–	(38.2)	–
Depreciation	(6.2)	–	(6.2)	–
IFRS 16 rent credit	91.9	–	91.9	–
Restructuring expenses	(22.7)	–	(22.7)	–
Amortisation of intangible assets arising on acquisition	–	(1.9)	(1.9)	(1.9)
	(46.6)	(1.9)	(48.5)	(1.9)
Finance expenses				
Effective interest rate charge and debt modification loss	–	(5.4)	(5.4)	(2.2)
Equity issue	(0.1)	–	(0.1)	–
Unwind of discount on obligation to acquire additional share of subsidiary undertaking	–	–	–	(0.3)
Foreign exchange (losses)/gains on revaluation of obligation to acquire additional share of subsidiary undertaking	–	–	–	(1.6)
	(0.1)	(5.4)	(5.5)	(4.1)
Taxation				
Tax credit on non-underlying items			4.4	1.4
Total non-underlying items			(49.6)	(4.6)

There were no exceptional items in the prior year.

Impairment of goodwill

Goodwill is not amortised but is tested annually for impairment, by calculating the value in use of groups of cash-generating units to determine the recoverable amount. Due to the reduction in short-term trading resulting from Covid-19, and an increase in the discount rate used in calculating the value in use for each CGU, impairments of £33.0m have been recognised. Further information is provided in note 13.

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

The impact of Covid-19 and and national restrictions imposed in response to the pandemic are considered an impairment trigger. The recoverable amounts of all CGUs have been calculated and reviewed against the carrying value of assets held, resulting in impairments of £38.4m for property, plant and equipment and £38.2m for right-of-use assets. Further detail is provided in note 12.

Depreciation

As a result of reassessment of the lease term of certain units, accelerated depreciation has been recorded on fixed assets to align the carrying value of such assets to their expected useful economic life based on the revised lease term.

IFRS 16 rent credit

During the year, the Group successfully negotiated several rent waivers with clients, totalling £91.9m, as part of its response to the Covid-19 pandemic. The Group applies the practical expedient issued as a part of the Amendment to IFRS 16 to record this as a reduction in rent expense and an exceptional item within the consolidated income statement.

Restructuring expenses

As a result of the impact of Covid-19, the Group has recognised a charge of £22.7m relating to its restructuring programmes carried out across the group during the second half of the year. The charge primarily relates to redundancy costs. It also includes some costs related to the exit from certain contracts, most notably at Sheremetyevo Airport in Russia.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. Non-underlying items continued

Amortisation of intangible assets

Underlying operating profit excludes non-cash accounting adjustments relating to the amortisation of intangible assets arising on acquisition of the SSP business in 2006.

Interest expense from amendment and extension of borrowings under IFRS 9

The Group adopted IFRS 9 'Financial Instruments' on 1 October 2018. As a result of the transition, and changes in the Group's effective interest rate, borrowings were reduced by £7.7m. These reductions are unwound as part of the effective interest rate expense which is recognised in the income statement. For the year ended 30 September 2020, this charge was £2.0m (2019: £2.2m).

On 29 May 2020, as part of the Group's debt refinancing, a non-substantial modification to the bank facility debt occurred, further details of which are provided in note 20. As a result of the modification, a one-off loss of £3.4m was recognised in the income statement.

8. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2020	2019
	Number of employees	
Operations	**29,516**	36,817
Sales and marketing	**164**	166
Administration	**2,093**	2,566
	31,773	39,549

The decrease in the average number of employees year-on-year reflects the impact of redundancies arising out of the Group's restructuring programme to reduce its cost base in response to reduced trading levels resulting from Covid-19 restrictions.

The aggregate payroll costs of the Group were as follows:

	2020 £m	2019 £m
Wages and salaries	**(445.3)**	(693.3)
Social security costs	**(59.2)**	(93.2)
Other pension costs	**(12.1)**	(14.6)
Share-based payments (note 26)	**(2.0)**	(8.2)
	(518.6)	(809.3)

9. Finance income and expense

	IFRS 16 2020 £m	IAS 17 2019 £m
Finance income:		
Interest income	2.5	2.3
Total finance income	**2.5**	2.3
Finance expense:		
Total interest expense on financial liabilities measured at amortised cost	(22.8)	(18.1)
Lease interest expense	(27.8)	–
Debt modification loss	(3.4)	–
Effective interest rate	(2.0)	–
Net change in fair value of cash flow hedges utilised in the year	(1.6)	(3.8)
Unwind of discount on provisions	(0.4)	(0.4)
Net interest expense on defined benefit pension obligations	(0.2)	–
Foreign exchange losses on revaluation of obligation to acquire additional share in subsidiary undertaking	–	(1.6)
Unwind of discount on obligation to acquire additional share in subsidiary undertaking	–	(0.3)
Other net foreign exchange losses	(0.3)	(0.7)
Other	(3.5)	(3.5)
Total finance expense	**(62.0)**	(28.4)

Non-underlying items within finance income and expense are detailed in note 7.

10. Taxation

	2020 £m	2019 £m
Current tax expense:		
Current year	0.6	(47.0)
Adjustments for prior years	(0.7)	0.7
	(0.1)	(46.3)
Deferred tax credit/(expense):		
Origination and reversal of temporary differences	29.0	(0.6)
Recognition of deferred tax assets not previously recognised	–	1.5
Changes in tax rates	0.5	(0.4)
Adjustments for prior years	(1.3)	2.1
	28.2	2.6
Total tax credit/(charge)	**28.1**	(43.7)
Tax rate	6.6%	22.2%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. Taxation continued

Reconciliation of effective tax rate

The tax credit (2019: expense) for the year is different to the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%) applied to the loss (2019: profit) before tax for the year. The differences are explained below:

	2020 £m	2019 £m
(Loss)/profit before tax	(425.8)	197.2
Tax credit/(charge) using the UK corporation tax rate of 19.0% (2019: 19.0%)	80.9	(37.5)
Losses on which no deferred tax was recognised	(35.5)	(1.9)
Temporary differences on which no deferred tax was recognised	(19.9)	0.6
Non-deductible goodwill impairment	(6.3)	–
Non-deductible expenses	(5.7)	(2.7)
Tax impact of share of profits/losses of non-wholly owned subsidiaries[1]	(2.8)	3.0
Adjustments for prior years	(2.0)	2.2
Secondary irrecoverable taxes	(0.4)	(2.8)
Withholding taxes	(0.2)	(2.0)
Recognition of deferred tax assets not previously recognised	–	1.7
Changes in tax rates	0.5	(0.4)
Effect of tax rates in foreign jurisdictions	19.5	(3.9)
Total tax credit/(charge)	**28.1**	(43.7)

1 This relates to the fact that certain subsidiaries in the US are not wholly owned and whose profits or losses are taxed at the level of the subsidiaries' shareholders. Therefore the Group is not subject to tax on the profits or losses attributable to its non-controlling interests.

The Group's tax rate is sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions, as well as the impact of losses in some countries for which no deferred tax asset is recognised.

The change in the tax rate for the current year compared to historic rates of around 22% is due to the impact of Covid-19 which has led to a significant change in the Group's geographic mix of profits and losses compared to prior years. In particular, the tax rate in the current year has been negatively impacted by higher levels of losses in countries for which no deferred tax asset has been recognised, as well as the impairment of goodwill, for which no tax deduction is available.

Factors that may affect future tax charges

The Group expects the tax rate in the future to continue to be affected by the geographical mix of profits and the different tax rates that will apply to those profits, as well as the Group's ability to recognise deferred tax assets on losses in certain jurisdictions.

11. Dividends

	2020 £m	2019 £m
Interim dividend paid in the year of £nil per share (2019: 5.8p)	–	(25.8)
Special dividend paid in the year of £nil per share (2019: 32.1p)	–	(149.8)
Prior year final dividend of 6.0p per share paid in the year (2019: 5.4p)	(26.8)	(25.2)
	(26.8)	(200.8)

The prior year final dividend of 6.0p per share was approved at the Group's Annual General Meeting in February 2020 and was paid in June 2020 for a total payment of £26.8m. No dividend for the 2020 financial year is proposed.

12. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Equipment, fixtures and fittings £m	Total £m
Cost			
At 1 October 2018	230.2	770.7	1,000.9
Additions	50.3	125.6	175.9
Disposals	(11.9)	(35.4)	(47.3)
Effects of movements in foreign exchange	13.4	7.2	20.6
Other movements[1]	2.0	3.7	5.7
At 30 September 2019	284.0	871.8	1,155.8
Additions	30.9	89.4	120.3
Disposals	(8.4)	(45.4)	(53.8)
Acquisitions from business combinations	0.1	9.8	9.9
Reclassifications	7.3	(7.3)	–
Effects of movements in foreign exchange	(12.6)	(7.5)	(20.1)
Other movements[1]	–	3.2	3.2
At 30 September 2020	**301.3**	**914.0**	**1,215.3**
Depreciation			
At 1 October 2018	(128.8)	(500.7)	(629.5)
Charge for the year	(26.5)	(71.8)	(98.3)
Disposals	11.1	35.6	46.7
Reclassifications	1.4	0.2	1.6
Effects of movement in foreign exchange	(6.9)	(2.9)	(9.8)
At 30 September 2019	(149.7)	(539.6)	(689.3)
Charge for the year	(35.4)	(75.6)	(111.0)
Impairments	(13.2)	(25.2)	(38.4)
Disposals	8.4	45.4	53.8
Effects of movements in foreign exchange	6.1	0.7	6.8
At 30 September 2020	**(183.8)**	**(594.3)**	**(778.1)**
Net book value			
At 30 September 2020	**117.5**	**319.7**	**437.2**
At 30 September 2019	134.3	332.2	466.5

[1] Included in other movements is £3.2m (2019: £5.9m) in respect of increases to the restoration costs provision (see note 20).

At 30 September 2019, the net carrying amount of equipment, fixtures and fittings held under finance leases was £0.5m. Depreciation for the year on these assets was £0.4m. The leased equipment acted as security against lease obligations. Upon transition to IFRS 16 the Group recognised all leased assets as right-of-use assets.

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

The Group tests assets for impairment when impairment triggers are identified. The economic impact of Covid-19 has been identified as a specific trigger for impairment, resulting in impairment charges of £38.4m to property, plant and equipment and £38.2m to right-of-use assets.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. Property, plant and equipment continued

The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are discount rates and cash flow forecasts. The cash flow forecast period is based on length of the lease term of contracts held within a site. The values applied to the key assumptions in the value in use calculations are derived from a combination of internal and external factors, based on past experience together with management's future expectations about business performance. The pre-tax discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the country in which the CGU operates. Inputs into the discount rate calculation include a country risk-free rate and inflation differential to the UK, country risk premium, market risk premium and company specific premium.

Sensitivity analysis

Whilst management believe the assumptions are realistic, it is possible that additional impairments would be identified if any of the above sensitivities were changed significantly. A sensitivity analysis has been performed on each of these key assumptions with the other variables held constant. An increase in the discount rate by 1% would result in additional impairments of £0.4m and £1.7m in property, plant and equipment and right-of-use assets respectively. A reduction in EBITDA of 10% in each forecast year would result in additional impairments of £4.8m and £11.7m in property, plant and equipment and right-of-use assets respectively.

13. Goodwill and intangible assets

	Goodwill £m	Indefinite life intangible assets £m	Definite life intangible assets £m	Software £m	Total £m
Cost					
At 30 September 2018	646.4	58.0	66.6	63.2	834.2
Additions	–	–	–	20.8	20.8
Business acquisitions	0.3	–	2.2	–	2.5
Disposals	(0.3)	–	–	(0.5)	(0.8)
Reclassifications	–	–	–	–	–
Effects of movement in foreign exchange	1.6	–	0.2	0.8	2.6
At 30 September 2019	**648.0**	**58.0**	**69.0**	**84.3**	**859.3**
Additions	**–**	**–**	**–**	**17.3**	**17.3**
Business acquisitions	**12.9**	**–**	**–**	**–**	**12.9**
Disposals	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Reclassifications	**–**	**–**	**–**	**–**	**–**
Effects of movement in foreign exchange	**(2.1)**	**–**	**0.1**	**(0.4)**	**(2.4)**
At 30 September 2020	**658.8**	**58.0**	**69.1**	**101.0**	**886.9**
Amortisation					
At 30 September 2018	–	–	(55.5)	(47.5)	(103.0)
Charge for the year	–	–	(2.7)	(6.2)	(8.9)
Disposals	–	–	–	0.5	0.5
Effect of movements in foreign exchange	–	–	–	(0.8)	(0.8)
At 30 September 2019	**–**	**–**	**(58.2)**	**(54.0)**	**(112.2)**
Charge for the year	**–**	**–**	**(2.8)**	**(7.8)**	**(10.6)**
Impairments	**(33.0)**	**–**	**–**	**–**	**(33.0)**
Disposals	**–**	**–**	**–**	**0.2**	**0.2**
Effect of movements in foreign exchange	**–**	**–**	**(0.2)**	**0.1**	**(0.1)**
At 30 September 2020	**(33.0)**	**–**	**(61.2)**	**(61.5)**	**(155.7)**
Net book value					
At 30 September 2020	**625.8**	**58.0**	**7.9**	**39.5**	**731.2**
At 30 September 2019	648.0	58.0	10.8	30.3	747.1

Indefinite life intangibles comprise SSP's brands, which are protected by trademarks and for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of these brands and the level of marketing support provided. The nature of the food and beverage industry is that obsolescence is not a common issue, with our major brands being originally created over 20 years ago. Although performance has been impacted by Covid-19, this is a short-term impact and the Group anticipates all brands will return to previous trading levels in the near future.

Goodwill and indefinite life intangible assets are allocated to groups of cash-generating units (CGUs). Details of goodwill and indefinite life intangible assets allocated to groups of CGUs are provided in the table below:

	Goodwill		Indefinite life intangible assets	
	2020 £m	2019 £m	2020 £m	2019 £m
UK & Ireland	104.1	104.0	55.5	55.5
Rail Gourmet UK	59.4	59.4	–	–
North America	15.0	15.7	–	–
France	65.0	63.4	2.5	2.5
Belgium	8.3	8.1	–	–
Spain	48.3	47.1	–	–
Germany	33.6	46.0	–	–
Switzerland	27.9	43.7	–	–
Finland	22.2	21.7	–	–
Norway	64.8	70.1	–	–
Sweden	51.2	49.0	–	–
Denmark	25.5	24.8	–	–
Greece	5.0	4.8	–	–
Egypt	14.8	15.1	–	–
Hungary	1.1	1.2	–	–
Australia	10.4	–	–	–
Singapore	–	0.2	–	–
Hong Kong	27.6	28.7	–	–
China	0.6	0.6	–	–
Thailand	12.0	13.0	–	–
India	29.0	31.4	–	–
	625.8	648.0	58.0	58.0

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired. This resulted in an impairment charge of £33.0m in the year (2019: £nil), reflecting the adverse impact of Covid-19 on the Group's anticipated short to medium-term performance.

The recoverable amounts of a group of CGUs (i.e. a country) have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by the Board.

The key assumptions for these calculations are shown below:

	2020		2019	
	Terminal growth rate	Discount rate	Terminal growth rate	Discount rate
UK & Ireland	2.0%	10.5%	2.0%	6.2%
Continental Europe	2.0%-2.9%	8.9%-16.2%	2.0%-2.2%	6.3%-12.6%
North America	2.0%	10.4%	2.0%	6.8%
Rest of the World	2.0-4.8%	8.7%-19.1%	2.0%-4.1%	6.2%-19.5%

The values applied to the key assumptions in the value in use calculations are derived from a combination of internal and external factors, based on past experience together with management's future expectations about business performance. The discount rates reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the country which represents a group of CGUs. Inputs into the discount rate calculation include a country risk-free rate and inflation differential to the UK, country risk premium, market risk premium and company specific premium. The increase in discount rates from 2019 reflects the additional risks the Group faces in relation to Covid-19.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Goodwill and intangible assets continued

Sensitivity analysis

Whilst management believe the assumptions are realistic, it is possible that additional impairments would be identified if any of the above sensitivities were changed significantly. A sensitivity analysis has been performed on each of these key assumptions with the other variables held constant. An increase in the discount rate by 1% would result in additional impairments of £29.1m, a reduction in the growth rate by 1% would result in additional impairments of £22.5m, and a reduction in EBITDA of 10% in each forecast year would result in additional impairments of £82.8m.

14. Right-of-use assets

	Concessions contracts £m	Land, buildings and leasehold improvements £m	Equipment, fixtures and fittings £m	Total £m
Beginning of the period	–	–	–	–
Right-of-use assets on transition	1,441.4	26.5	1.0	1,468.9
Acquisitions	24.1	–	–	24.1
Additions	247.9	17.7	0.8	266.4
Depreciation charge in the period	(298.8)	(5.9)	(0.6)	(305.3)
Remeasurement adjustments	(130.2)	(6.7)	–	(136.9)
Impairments	(38.2)	–	–	(38.2)
Currency translation	(7.0)	(0.8)	–	(7.8)
At 30 September 2020	**1,239.2**	**30.8**	**1.2**	**1,271.2**

Adoption of IFRS 16 'Leases'

As detailed in note 1, the Group adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition. Note 2 provides a pro forma consolidated income statement to provide a meaningful comparison of the current and prior year.

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

Impairment of right-of-use assets and sensitivity analysis

Details of the impairment methodology and sensitivity analysis for right-of-use assets are provided in note 12.

15. Investments in associates

The Group uses the equity accounting method to account for its associates, the carrying value of which was £12.2m as at 30 September 2020 (2019: £17.3m). The following table summarises the movement in investments in associates during the year:

	2020 £m	2019 £m
At 1 October 2019	**17.3**	10.6
Additions	1.8	7.3
Share of (losses)/profits for the year	(2.4)	4.1
Dividends received	(3.6)	(5.2)
Currency adjustment	(0.9)	0.5
At 30 September 2020	**12.2**	17.3

There were £1.8m of non-cash additions in the year, including a £1.4m conversion of a short-term repayable loan into equity in the Group's French associate undertaking, Epigo SAS. In 2019, non-cash additions were £4.3m, which mostly related to a further conversion of a short-term repayable loan into equity in Epigo SAS.

The financial information of the Group's associates included in their own financial statements required by IFRS 12 'Disclosure of Interests' in Other Entities has not been presented as all the Group's associates are immaterial individually. Details of the Group's interests in associates are shown in note 44.

16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Intangible assets	**–**	–	**(8.8)**	(8.0)
Property, plant and equipment	**13.8**	11.8	**(0.8)**	(1.7)
Provisions	**3.1**	4.5	**–**	–
Tax losses carried forward	**19.8**	3.9	**–**	–
Pensions	**0.7**	1.4	**–**	–
Other	**15.6**	9.3	**(4.0)**	(6.7)
Deferred tax assets/(liabilities)	**53.0**	30.9	**(13.6)**	(16.4)
Set-off	**(3.2)**	(2.7)	**3.2**	2.7
Deferred tax assets/(liabilities)	**49.8**	28.2	**(10.4)**	(13.7)

Movement in net deferred tax during the year:	**30 September 2019 £m**	**Recognised in income statement £m**	**Recognised in reserves £m**	**Currency adjustment £m**	**30 September 2020 £m**
Intangible assets	(8.1)	(0.6)	–	(0.1)	(8.8)
Property, plant and equipment	10.2	2.7	–	0.1	13.0
Provisions	4.5	(2.1)	0.5	0.2	3.1
Tax losses carried forward	3.8	15.6	–	0.4	19.8
Pensions	1.5	0.9	(1.9)	0.2	0.7
IFRS 16 temporary differences	–	16.1	–	–	16.1
Other	2.6	(4.4)	(2.6)	(0.1)	(4.5)
	14.5	**28.2**	**(4.0)**	**0.7**	**39.4**

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities in these financial statements are attributable to the following:

	Gross value of temporary differences		Assets		Liabilities	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Property, plant and equipment	**5.0**	3.7	**1.0**	0.7	**–**	–
Tax losses	**510.5**	272.3	**106.1**	59.8	**–**	–
Provisions and other temporary differences	**43.8**	8.9	**17.8**	1.9	**–**	–
	559.3	284.9	**124.9**	62.4	**–**	–

The above deferred tax assets have not been recognised either because of uncertainty over the future profitability of the relevant companies within the Group to which the deferred tax assets relate, or because the deferred tax assets relate to tax losses which are subject to restrictions on use or forfeiture, due, for example, to time restrictions or change in ownership rules. Of the total unprovided deferred tax on tax losses, £6.3m of this (2019: £1.7m) will expire at various dates between 2021 and 2025.

£8.7m of the Group's unrecognised deferred tax assets relate to trapped interest losses in the UK, with the balance relating to unrecognised deferred tax assets in overseas jurisdictions, mainly the US, France and Germany, as well as smaller amounts in a number of other countries. The largest proportion of the unrecognised deferred tax assets relate to carried forward losses in territories where operations have been making tax losses for some time, or where use of those losses is not anticipated in the medium term. Profitability forecasts are reviewed carefully and used as the basis for considering the recognition of deferred tax assets.

There are unremitted earnings in overseas subsidiaries of £26.3m (2019: £26.7m) which would be subject to additional tax of £4.9m (2019: £4.9m) if the Group chooses to remit those profits back to the UK. No deferred tax liability has been provided on these earnings because the Group is in a position to control the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Inventories

	2020 £m	2019 £m
Food and beverages	19.3	33.4
Other	4.2	5.3
	23.5	38.7

18. Trade and other receivables

	2020 £m	2019 £m
Trade receivables	18.8	66.1
Other receivables[1]	136.3	118.4
Prepayments and accrued income	44.0	75.2
	199.1	259.7
Of which:		
Non-current (other receivables)	73.8	54.3
Current	125.3	205.4

[1] Other receivables include long-term security deposits of £28.9m (2019: £30.1m) relating to some of the Group's concession agreements, £27.3m of capital contributions due from non-controlling interest equity shareholders in the Group's US subsidiaries (2019: £nil)[2], sales tax receivable of £17.1m (2019: 9.9m), £9.1m social security taxes recoverable (2019: £nil) and purchasing income of £5.6m (2019: £18.4m).

[2] No amount was recorded in the prior year or opening balances as the contributions were recorded on a cash receipts basis instead of when the NCI shareholders became liable for payment. The receivables balance at 30 September 2019 should have been £24.3m and at 1 October 2018 £19.1m, with the other side being posted to NCI. The directors have not restated prior periods as they have assessed this as not material to those periods.

The value of contract assets was not material at the reporting date.

19. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank and in hand	141.9	186.2
Cash equivalents	43.1	47.1
	185.0	233.3

20. Short-term and long-term borrowings

	2020 £m	2019 £m
Current liabilities		
Bank loans	(34.3)	(128.2)
Covid Corporate Financing Facility (CCFF)	(123.9)	–
Finance leases	–	(0.6)
	(158.2)	(128.8)
Non-current liabilities		
Bank loans	(377.0)	(343.4)
US Private Placement notes	(341.1)	(243.9)
Finance leases	–	(0.6)
	(718.1)	(587.9)

Bank loans held through the Group's UK subsidiary SSP Financing Limited

As at 30 September 2020, the Group had Facility A borrowings of £112.4m. This debt matures on 15 July 2022 and accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.25% per annum as at 30 September 2020. Facility A debt requires a mandatory payment of 11.7% of the debt annually in July.

As at 30 September 2020, the Group had Facility B borrowings of £270.7m. This debt matures on 15 July 2022 and accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.5% per annum as at 30 September 2020.

As at 30 September 2020, the Group's revolving credit facility was undrawn. This £150m committed facility expires on 15 July 2022. When drawn, this facility accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.0% per annum as at 30 September 2020. A commitment and utilisation fee also applies to this facility.

As at 30 September 2020, interest rate swaps hedge the floating rate exposure until 15 July 2022, to match the debt profile (see note 27 for details of the Group's interest rate profile).

Under the financing agreement, the Group has to comply with covenants at interim and year end relating to net debt cover and interest cover. These covenants are normally tested biannually but were waived for the year ended 30 September 2020. These were replaced with monthly Minimum Liquidity and Consolidated Maximum Net Debt covenants. Bank loans are shown net of unamortised arrangement fees totalling £2.1m as at 30 September 2020 (2019: £3.3m).

2020 debt modification

The Group adopted IFRS 9 'Financial Instruments' in the previous financial year, with the standard introducing new guidance with regard to debt modifications whereby all modifications, irrespective of their significance, result in a revaluation of the carrying value of borrowings. IFRS 9 was adopted using the modified transition approach with adjustments arising from adoption of the standard reflected in the opening balance sheet on 1 October 2018. As a result, the Group's facility borrowings were reduced by £7.7m with the other side of this adjustment made to opening retained earnings, as shown in the statement of changes in equity. This was in addition to a £1.2m reduction to borrowings from the Group's previous effective interest rate calculation. These reductions are unwound as part of the effective interest rate expense which is recognised in the income statement. For the year ended 30 September 2020, this charge was £2.0m (2019: £2.2m).

On 29 May 2020, as part of the Group's debt refinancing, a non-substantial modification to the bank facility debt occurred where the requirement for the 2020 July annual mandatory payment of 11.7% of Facility A borrowings was waived to the facility's maturity date. Furthermore, the margin rates applicable on Facility A and Facility B were raised from 1.0% and 1.25% to 1.25% and 1.5% respectively. From the beginning of financial year 2021 these rates increased to 2.0% and 2.25% respectively. For non-substantial debt modifications under IFRS 9, the difference between the modified future cash flows, discounted at the original effective interest rate applied, and the current carrying value of the debt is recognised as a gain or loss in the income statement with the other side applied to the reduction being unwound through the effective interest rate expense.

As a result of the modification, a one-off loss of £3.4m was recognised in the income statement. The remaining amount to be unwound through effective interest rate expense at 30 September 2020 was £1.2m (2019: £6.7m) with the bank loans being shown net of this balance.

Bank loans – held through subsidiaries in France, India, Spain and Switzerland

In addition to the loan held by the Group's subsidiaries in India, the Group's subsidiaries in France, Spain and Switzerland secured access and drew upon a number of additional smaller liquidity lines during April and May 2020. These are summarised as follows:

France

As at 30 September 2020, the Group had borrowings in France of £22.7m (EUR25.0m). This debt matures on 23 March 2026 and accrues cash-pay interest at 1.0% per annum as at 30 September 2020. Payment of the principal debt starts in 2022 at a rate of £4.5m (EUR5.0m) per annum.

The majority of the borrowings are guaranteed by the French government, which allowed the subsidiary to obtain a below-market interest rate and is accounted for as a government grant under IAS 20 – Accounting for Government Grants and Disclosures. The loan is recognised initially at fair value, discounted at market rates with the difference between the cash received and the fair value at market rates being recognised in deferred income. The discount is unwound and the deferred income is released and netted together in finance charges in the income statement over the duration of the loan. The net impact to the income statement was £nil during the year ended 30 September 2020. The carrying amount of the borrowings was £19.5m as at 30 September 2020.

India

As at 30 September 2020, the Group had borrowings in India of £1.4m. (INR129.0m) This debt matures on 12 December 2023 and accrues cash-pay interest at 8.3% per annum with effect from October 2020. The subsidiary also had £0.2m of overdrafts.

Spain

As at 30 September 2020, the Group had borrowings in Spain of £8.2m (EUR9.0m). This debt matures on 22 April 2024 and accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.6% per annum as at 30 September 2020. Payment of the principal debt starts in 2021 at a rate of £2.7m (EUR3.0m) per annum.

As of 30 September 2020 the borrowing entity in Spain also held a £9.0m (EUR10.0m) revolving credit facility with £1.8m (EUR2.0m) drawn upon. This committed facility expires on 24 April 2021. When drawn, this facility accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.5% per annum as at 30 September 2020. A commitment and utilisation fee also applies to this facility.

Switzerland

As at 30 September 2020, the Group had borrowings in Switzerland of £0.4m (CHF0.5m). This debt matures on 1 May 2025 and is interest free.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. Short-term and long-term borrowings continued

US Private Placement (USPP)

As at 30 September 2020, the Group had US Private Placement note drawings of £342.6m. All notes drawn carry a fixed rate of interest. The following notes were drawn as at 30 September 2020:

Drawn	Currency	Amount in currency	Coupon	Maturity
Oct 2018	US$	40,000,000	5.35%	Oct 2025
Oct 2018	GBP	21,000,000	3.85%	Oct 2025
Jul 2019	US$	66,500,000	5.06%	Jul 2026
Oct 2018	US$	40,000,000	5.50%	Oct 2028
Oct 2018	GBP	21,000,000	4.06%	Oct 2028
Oct 2018	US$	40,000,000	5.60%	Oct 2030
Jul 2019	EUR	58,500,000	3.11%	Jul 2031
Dec 2019	US$	66,500,000	5.25%	Dec 2027
Dec 2019	US$	66,500,000	5.35%	Dec 2029

USPP debt is shown net of unamortised arrangement fees totalling £1.5m as at 30 September 2020 (2019: £1.7m).

Covid Corporate Financing Facility (CCFF)

As at 30 September 2020, the Group had Commercial paper issuances through the CCFF of £125.0m. All issuances carry a below-market fixed interest rate. The following paper was issued as at 30 September 2020:

Issued amount	Value date	Maturity	Interest rate
£50,000,000	3 Apr 2020	5 Oct 2020	0.69%
£50,000,000	29 Jun 2020	19 Mar 2021	0.64%
£25,000,000	24 Sept 2020	19 Mar 2021	0.64%

The benefit of the low interest rate is accounted for as a government grant under IAS 20 – Accounting for Government Grants and Disclosures. The loan is recognised initially at fair value, discounted at market rates with the difference between the cash received and the fair value at market rates being recognised in deferred income. The discount is unwound and the deferred income is released and netted together in finance charges in the income statement over the duration of the loan. The net impact to the income statement was £nil during the year ended 30 September 2020. The carrying amount of the borrowings was £123.9m as at 30 September 2020.

21. Trade and other payables

	2020 £m	2019 £m
Trade payables	**(92.1)**	(146.9)
Other payables*	**(97.7)**	(201.3)
Other taxation and social security	**(23.0)**	(23.2)
Accruals and deferred income	**(190.2)**	(184.6)
	(403.0)	(556.0)

* Including non-current payables amounting to £4.0m (2019: £4.1m).

Other payables include capital creditors of £19.0m (2019: £57.7m), accrued holiday pay of £17.1m (2019: £19.8m), employee related costs of £29.2m (2019: £64.6m) and sales tax of £7.9m (2019: £21.9m).

The value of contract liabilities was not material at the reporting date.

22. Lease liabilities

	2020 £m
Beginning of the period	–
Lease liabilities on transition	(1,464.4)
Acquisitions	(24.1)
Additions	(266.4)
Interest charge in the period	(27.8)
Payment of lease liabilities	200.4
Remeasurement adjustments	227.2
Currency translation	5.8
At 30 September 2020	(1,349.3)
Of which are:	
Current lease liabilities	(289.1)
Non-current lease liabilities	(1,060.2)
At 30 September 2020	(1,349.3)

Adoption of IFRS 16 'Leases'

As detailed in note 1, the Group adopted IFRS 16 'Leases' with effect from 1 October 2019 using the modified retrospective approach to transition. Note 2 provides a pro forma consolidated income statement to provide a meaningful comparison of the current and prior year.

Covid-19 practical expedient

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

The Group has applied this practical expedient to all Covid-19 rent reductions/waivers that meet the requirements of the amendment. This has resulted in an exceptional item in the form of a credit in the income statement of £91.9m for the year ended 30 September 2020. This is also reflected in the remeasurement adjustment line in the movement of the lease liability above.

£2.4m of fixed rent which was originally due in the year, has been deferred to a period beyond 30 September 2020 due to Covid-19. Therefore these payments are still included in the lease liability balance at the end of the period.

Other information relating to leases

Note 29 presents a maturity analysis of the undiscounted payments due over the remaining lease term for these liabilities.

The total cash outflow for leases in the year was £350.5m, with £200.4m being the payment of lease liabilities. The remaining rent payments are not capitalised under IFRS 16, with £38.6m relating to short-term leases and £111.5m to variable leases. There was an immaterial cash outflow for low-value leases.

The Group received immaterial income from subleasing right-of-use assets during the year.

As at 30 September 2020, the Group had £13.0m of leases which had been committed to but which had not yet started. Such leases are not included in the Group's lease liabilities as at 30 September 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. Post-employment benefit obligations

Group

The Group operates a number of post-employment benefit schemes including both defined contribution and defined benefit schemes. In respect of the defined contribution schemes, amounts paid during the year were £11.6m (2019: £14.1m) across the Group. There are no contributions outstanding at the balance sheet date. The principal defined contribution scheme is called the 'SSP Group Pension Scheme'.

The Group operates a combination of funded and unfunded defined benefit schemes across Europe, the respective net plan liabilities of which are presented below:

	2020 £m	2019 £m
Funded schemes (see (a) below)	**(6.8)**	(7.7)
Unfunded schemes (see (b) below)	**(11.8)**	(11.9)
	(18.6)	(19.6)

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The plans are administered by pension funds that are legally separate from the Group and are required to act in the best interests of the plan participants. The Group expects to pay £1.1m in contributions to its defined benefit plans in 2021. As at 30 September 2020, the weighted average duration of the defined benefit obligation was 15.9 years (2019: 16.6 years).

Information disclosed below is aggregated by funded and unfunded schemes.

(a) Funded schemes

The Group operates funded schemes in the UK and Norway. In the UK, the Group participates in the Railways Pension Scheme (RPS) via the Rail Gourmet UK Limited Shared Cost Section (RG section), which is a final salary scheme and provides benefits linked to salary at retirement or earlier date of leaving service. The RG section covers permanent managerial, administrative and operational staff of Rail Gourmet UK Limited and is closed to new entrants.

The RG scheme was subject to its last full actuarial valuation by a qualified actuary as at 31 December 2016. These results have been used by a qualified independent actuary in the valuation of the scheme as at 30 September 2019 for the purposes of IAS 19 'Employee Benefits'.

In 2016, it was agreed with the Trustees of the RPS that, from 1 January 2016, the employing company contributions would be 18.3% of pensionable pay (with members paying 12.2%). In addition, it was agreed that from 1 January 2016 the employing company would make monthly lump sum contributions of £2,700. The most recent funding valuation of the RG scheme, as at 31 December 2016, showed a funding level of 103.6%. Accordingly, the contributions that are being paid by the employing company are in respect of future service of current members.

Major assumptions used in the valuation of the funded schemes on a weighted average basis are set out below:

	2020	2019
Discount rate applied to scheme liabilities	**1.5%**	1.9%
Rate of increase in salaries	**3.1%**	3.2%
Rate of increase in pensions in payment	**2.4%**	2.0%
Inflation assumption	**3.0%**	3.0%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2020	2019
Male pensioner now aged 65	**20.9**	20.3
Female pensioner now aged 65	**22.9**	22.2
Male pensioner now aged 45	**23.5**	23.3
Female pensioner now aged 45	**26.8**	25.5

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions by 1.0%, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As at 30 September 2020	Defined benefit obligation Increase £m	 Decrease £m
Discount rate applied to scheme liabilities	6.9	(8.9)
Rate of increase in salaries	(1.6)	1.5
Rate of increase in pensions in payment	(0.7)	–
Inflation assumption	(3.1)	4.0
Mortality rates (change of 1 year)	(1.2)	1.2

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity.

The major categories of assets in the funded schemes and their percentage of the total scheme assets were:

	2020	2019
Equities, of which:	38.4%	38.0%
– actively traded	17.9%	83.6%
Property and infrastructure	22.4%	17.6%
Fixed interest investments	36.6%	40.6%
Cash	2.6%	3.8%
Total assets related to:		
– RG scheme	86.3%	85.7%
– Norway	13.7%	14.3%

Property investments are held at fair value, which has been determined by an independent valuer.

The fair value of the scheme assets and the present value of the scheme liabilities of the funded schemes were:

	2020 £m	2019 £m
Fair value of scheme assets	39.8	40.1
Present value of funded liabilities	(46.6)	(47.8)
Net pension liability	(6.8)	(7.7)

The following amounts have been charged or credited in arriving at the profit for the year:

	2020 £m	2019 £m
Current service cost (reported in employee remuneration)	(0.4)	(0.5)
Net interest on pension scheme liabilities (reported in finance income and expense)	(0.1)	–
Total amount charged	(0.5)	(0.5)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. Post-employment benefit obligations continued

Changes in the present value of the scheme liabilities are as follows:

	2020 £m	2019 £m
Scheme liabilities at 1 October 2019	(47.8)	(41.8)
Current service cost	(0.4)	(0.5)
Past service cost	–	(0.1)
Employee contributions	–	(0.1)
Interest on pension scheme liabilities	(0.8)	(1.1)
Remeasurements:		
– arising from changes in demographic assumptions	(1.3)	–
– arising from changes in financial assumptions	(1.4)	(6.8)
– arising from changes in experience adjustments	3.0	0.2
Benefits paid	1.6	2.0
Currency adjustment	0.5	0.4
Scheme liabilities at 30 September 2020	**(46.6)**	(47.8)

Changes in the fair value of the scheme assets are as follows:

	2020 £m	2019 £m
Scheme assets at 1 October 2019	40.1	39.1
Interest income	0.7	1.1
Employer contributions	0.4	0.4
Employee contributions	–	0.1
Remeasurement: return on plan assets excluding interest income	0.9	1.9
Benefits paid	(1.6)	(2.0)
Curtailment	(0.1)	(0.2)
Currency adjustment	(0.6)	(0.3)
Scheme assets at 30 September 2020	**39.8**	40.1

The following amounts have been recognised directly in other comprehensive income:

	2020 £m	2019 £m
Remeasurements	**1.2**	(4.7)

(b) Unfunded schemes

The principal unfunded scheme of the Group operates in Germany. To be eligible for the general plan, employees must complete five years of service and the normal retirement age for this plan is 65. Employees in Germany are also provided with a long service (Jubilee) award, which provides a month's gross salary after the employee has worked a certain number of years of service. All unfunded schemes are valued in accordance with IAS 19 and have been updated for the period ended 30 September 2020 by a qualified independent actuary.

There have been no changes to scheme contributions to preserve equity in the year.

The major assumptions (on a weighted average basis) used in these valuations were:

	2020	2019
Rate of increase in salaries	2.2%	2.2%
Rate of increase in pensions in payment and deferred pensions	0.9%	0.9%
Discount rate applied to scheme liabilities	0.8%	0.6%
Inflation assumption	1.6%	1.6%

The discount rate used to calculate the defined benefit obligation at March 2020, for inclusion in the Group's interim announcement, had increased due to the uncertainties presented by Covid-19. At 30 September 2020 the discount rate has reduced to a level more comparable with the prior year.

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2020	2019
Pensioner now aged 65	22.6	22.5
Pensioner now aged 40	24.2	24.1

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions by 1%, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
As at 30 September 2020	Increase £m	Decrease £m
Discount rate applied to scheme liabilities	0.5	(0.6)
Rate of increase in salaries	0.1	(0.1)
Rate of increase in pensions in payment	(0.7)	0.6
Inflation assumption	(0.5)	0.4
Mortality rates (change by 1 year)	(0.4)	0.4

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity.

The present value of the scheme liabilities of the unfunded schemes was:

	2020 £m	2019 £m
Net pension liability	(11.8)	(11.9)

The movement in the liability during the period was as follows:

	2020 £m	2019 £m
Deficit in the schemes at 1 October 2019	(11.9)	(10.3)
Current service cost	(0.2)	–
Contributions	0.5	0.6
Interest on pension scheme liabilities	(0.1)	(0.2)
Remeasurements:		
– arising from changes in financial assumptions	0.2	(1.1)
– arising from changes in experience adjustments	(0.2)	(0.4)
Acquisition	–	(0.6)
Currency adjustment	(0.1)	0.1
Deficit in the schemes at 30 September 2020	(11.8)	(11.9)

The following amounts have been charged in arriving at profit for the year in respect of these schemes:

	2020 £m	2019 £m
Current service cost (reported in employee remuneration)	(0.2)	–
Interest on pension scheme liabilities (reported in finance income and expense)	(0.1)	(0.2)
Total amount charged	(0.3)	(0.2)

The following amounts have been recognised directly to other comprehensive income:

	2020 £m	2019 £m
Remeasurements	–	(1.5)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Provisions

	Onerous lease contracts £m	Restoration costs £m	Restructuring charges £m	Site exit costs £m	Other £m	Total £m
At 30 September 2019	(3.8)	(15.5)	–	–	(15.2)	**(34.5)**
Transition to IFRS 16	3.8	–	–	–	–	**3.8**
At 1 October 2019	–	(15.5)	–	–	(15.2)	**(30.7)**
Created in the year	–	(3.2)	(7.3)	(0.7)	(5.2)	**(16.4)**
Unwind of discount	–	(0.4)	–	–	–	**(0.4)**
Utilised in the year	–	3.1	–	–	10.7	**13.8**
At 30 September 2020	–	**(16.0)**	**(7.3)**	**(0.7)**	**(9.7)**	**(33.7)**
Represented by:						
Current	–	(2.3)	(7.3)	(0.7)	(2.0)	**(12.3)**
Non-current	–	(13.7)	–	–	(7.7)	**(21.4)**
	–	**(16.0)**	**(7.3)**	**(0.7)**	**(9.7)**	**(33.7)**

Provision for onerous contracts are made when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The timing of the utilisation of these provisions is variable, dependent on the contract expiry dates, which vary between one and ten years. Upon transition to IFRS 16, onerous contract provisions that related to operating leases were derecognised and accounted for as part of the related right-of-use asset.

Provision for restoration costs represents estimates of expected costs to be incurred in restoring a site to its original condition when it is vacated at the end of the lease term. These provisions will be utilised at the end of the lease terms, which typically vary between one and ten years in length.

Provisions for restructuring charges and site exit costs are estimated amounts due to be incurred as part of the Group's response to Covid-19. Further details are provided in note 7.

Other provisions include the estimated cost of an ongoing free travel provision provided to employees of Travellers Fare Limited, an historic acquisition (now part of Select Service Partner UK Limited). The benefit is a lifetime benefit and has been calculated using life expectancies and discounted to a present value using a suitable discount rate. The remaining amount represents probable expected costs in legal and related matters and are not material individually.

25. Capital and reserves

Share capital and share premium

	Number of shares	Share capital £m	Share premium £m
Issued, called up and fully paid:			
Ordinary shares of £0.01085 each			
At 30 September 2019	444,852,520	4.8	461.2
Ordinary shares issued as part of the March equity placement	86,499,459	1.0	0.7
Ordinary shares issued as part of the June equity placement	3,475,388	–	10.8
Ordinary shares issued in relation to the Group's share incentive plans	3,032,564	–	–
Effect of the share buyback (see below)	(263,499)	–	–
At 30 September 2020	**537,596,432**	**5.8**	**472.7**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01085 each	**537,596,432**	**5.8**	**472.7**

Ordinary shares

The ordinary shareholders are entitled to receive notice of, attend, and speak at and vote at general meetings of the Company. Ordinary shareholders have one vote for each ordinary share held by them.

March equity placement

On 25 March 2020, the Company announced that it had raised new equity by agreeing to allot and issue 86,195,459 new ordinary shares (of nominal value 1 17/200 pence each) to investors at 250 pence per share, by way of a share placing. Due to the size of the transaction, and the short timeframe required as part of the Company's response to the Covid-19 pandemic, the placing was effected by the Company's placing agent subscribing for shares in a subsidiary of the Company for an amount broadly equal to the proceeds of the placing, and then transferring those shares to the Company in exchange for the allotment of the Company's new shares to investors. The Company raised gross proceeds of £215.5m and incurred issue costs and other related fees of £7.6m.

The excess of the gross proceeds raised over the nominal value of the shares issued, and the issue costs and other related fees incurred from the placing, are both recorded in the merger relief reserve within other reserves, in accordance with Section 612 of the Companies Act 2006.

Concurrent to the placing, certain Directors of the Company and members of the senior management team of the Group subscribed in cash at 250 pence per share for an aggregate 304,000 new ordinary shares (of nominal value of 1 17/200 pence each), raising additional proceeds of £0.8m and incurring £0.1m of issue costs. The excess of the proceeds raised over the nominal value of the shares issued and issues costs incurred is recorded in share premium, in accordance with section 610 of the Companies Act 2006.

June equity placement

On 4 June 2020, the Company raised equity by agreeing to allot and issue 3,382,255 new ordinary shares (of nominal value 1 17/200 pence each) to investors at 315.2 pence per share through a further share placing. Gross proceeds raised were £10.7m and issue costs and other related fees of £0.1m were incurred.

Concurrent with the placing, certain Directors of the Company and members of the senior management team of the Group subscribed in cash at 315.2 pence per share for an aggregate 31,739 new ordinary shares (of nominal value of 1 17/200 pence each). In addition, retail investors subscribed in cash at 315.2 pence per share to a further, in aggregate, 61,394 new ordinary shares (of nominal value 1 17/200 pence per share), raising in total gross proceeds of £0.2m.

The excess of the gross proceeds raised over the nominal value of the shares issued, and the issue costs and other related fees incurred from the June placing, subscription and retail offer, are recorded in share premium, in accordance with section 610 of the Companies Act 2006.

Employee benefit trust

The SSP Group plc Share Incentive Plan was established in 2014, in connection with the Company's UK Share Incentive Plan (UK Trust). The SSP Group plc Share Plans Trust was established in 2018, in connection with the Company's share option plans including the Performance Share Plan (Share Plan Trust). Details of the Company's share plans are set out in the Directors' Remuneration Report on page 75 as part of the Annual Report on Remuneration.

As at 30 September 2020, the Trustees of the UK Trust and the Share Plan Trust respectively held 30,037 (2019: 2,253) and 606,492 (2019: 177,850) ordinary shares of the Company with a combined value of £1.1m (2019: £1.1m).

Reserves

Details of reserves (other than retained earnings) are set out below:

	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Merger relief reserve £m	Other reserve £m	Total £m
At 1 October 2018	1.2	9.1	(2.7)	–	(19.4)	(11.8)
Net loss on hedge of net investments in foreign operations	–	(4.3)	–	–	–	(4.3)
Current tax credit on loss on hedge of net investment in foreign operations	–	0.8	–	–	–	0.8
Decrease in non-controlling interest equity	–	–	–	–	9.0	9.0
Reclassification of obligation to purchase subsidiary	–	–	–	–	10.4	10.4
Other foreign exchange translation differences	–	12.7	–	–	–	12.7
Current tax charge on gains arising on exchange translation differences	–	(0.9)	–	–	–	(0.9)
Effective portion of changes in fair value of cash flow hedges	–	–	(5.9)	–	–	(5.9)
Cash flow hedges – reclassified to income statement	–	–	3.8	–	–	3.8
Tax credit on cash flow hedges	–	–	0.3	–	–	0.3
At 30 September 2019	1.2	17.4	(4.5)	–	–	14.1
Excess proceeds over share capital of the March 2020 equity placement, net of fees incurred	–	–	–	206.9	–	206.9
Net gain on hedge of net investments in foreign operations	–	4.2	–	–	–	4.2
Other foreign exchange translation differences	–	(15.9)	–	–	–	(15.9)
Current tax credit on losses arising on exchange translation differences	–	1.6	–	–	–	1.6
Effective portion of changes in fair value of cash flow hedges	–	–	(1.8)	–	–	(1.8)
Cash flow hedges – reclassified to income statement	–	–	1.6	–	–	1.6
Tax credit on cash flow hedges	–	–	0.5	–	–	0.5
At 30 September 2020	1.2	7.3	(4.2)	206.9	–	211.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. Capital and reserves continued

Capital redemption reserve

The capital redemption reserve relates to the cancellation of the deferred ordinary shares in 2015.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since 1 October 2010, the transition date to IFRS, from the translation of the financial statements of subsidiaries with non-Sterling functional currency, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

Cash flow hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of the Group's interest rate swaps.

Merger relief reserve

On 25 March 2020 the Company undertook an equity placement which was effected by the Company's placing agent subscribing for shares in a subsidiary of the Company for an amount broadly equal to the proceeds of the placing, and then transferring those shares to the Company in exchange for the allotment of the Company's new shares to investors.

The excess of the gross proceeds raised over the nominal value of the shares issued of £214.5m, and the issue costs and other related fees incurred from the placing of £7.6m, are both netted and recorded in the merger relief reserve, in accordance with Section 612 of the Companies Act 2006.

Other reserve

The other reserve consists of the initial recognition of a financial liability to purchase a further 16% of TFS, in order to take the Group's shareholding to 49%, and the impact when the obligation was settled in April 2019. This resulted in the majority of the decrease to other reserves of £8.3m with the other side going to non-controlling interests. The remaining balance was then reclassified to retained earnings.

Non-controlling interests

	2020 £m	2019 £m
At 1 October 2019	**87.6**	81.8
Share of (loss)/profit for the year	**(22.7)**	26.6
Dividends paid to non-controlling interests	**(20.4)**	(24.7)
Capital contribution from non-controlling interests	**30.5**	9.0
Purchase of non-controlling interest in subsidiary	**(0.7)**	–
Purchase of additional 16% stake in TFS	**–**	(8.3)
Other	**3.0**	(0.1)
Currency adjustment	**(5.4)**	3.3
At 30 September 2020	**71.9**	87.6

The increase in capital contributions in the year has been detailed in note 18.

Prior to 6 February 2020 the Group held a 50% interest in Rail Gourmet Togservice Norge AS (RGT), a subsidiary of the Group. On 6 February 2020, the Group purchased the 50% interest in RGT it did not own, taking its ownership to 100%. The consideration paid for the additional 50% interest was NOK60m (£5.0m). The difference between the cash consideration paid and RGT's closing non-controlling interest balance of £0.7m is recognised in retained earnings.

The Group has two subsidiaries with a material non-controlling interest, Mumbai Airport Lounge Services Private Ltd ('MALS') and Travel Food Services Chennai Private Ltd ('Chennai'). The principal place of business for both subsidiaries is India. See note 44 on pages 157 and 160 for further details of registered office and ownership percentages of each of these companies.

Summarised financial information, before inter-company eliminations, is as follows:

	MALS 2020 £m	MALS 2019 £m	**Chennai 2020 £m**	Chennai 2019 £m
Income statement				
Revenue	**11.8**	22.9	**11.5**	22.5
(Loss)/profit after tax	**(0.7)**	4.1	**1.6**	6.5
NCI share of (loss)/profit	**(0.5)**	3.5	**0.8**	3.9
Total comprehensive (loss)/income	**(2.3)**	5.5	**0.6**	7.4
Balance sheet				
Non-current assets	**35.1**	4.7	**11.1**	5.0
Current assets	**28.4**	23.1	**27.9**	25.2
Current liabilities	**(19.4)**	(6.7)	**(13.4)**	(12.2)
Non-current liabilities	**(26.8)**	(0.1)	**(8.0)**	(1.2)
NCI share of equity	**13.5**	16.3	**9.0**	8.6
Cash flow				
Net increase/(decrease) in cash and cash equivalents	**8.7**	(0.8)	**4.4**	4.3

26. Share-based payments

The Group has granted equity-settled share awards to its employees under the Performance Share Plan (PSP), the UK Share Incentive Plan (UK SIP) and the International Share Incentive Plan (International SIP).

Details of the terms and conditions of each share-based payment plan and the Group's TSR comparator group are provided on pages 73 and 75 respectively, as part of the Annual Report on Remuneration.

Performance Share Plan

The PSP awards are based on two independent performance conditions, which are assessed independently. 25% of the award is based on SSP's total shareholder return (TSR) relative to a comparator group and 75% of the award is based on an earnings per share (EPS) performance condition.

Expense in the year

The Group incurred a charge of £2.0m in 2020 (2019: £9.0m) in respect of the PSP.

	2020 Number of shares	2019 Number of shares
Outstanding at 1 October 2019	**6,341,808**	8,029,631
Granted during the year	**2,204,924**	2,363,443
Exercised during the year	**(2,498,277)**	(3,041,440)
Lapsed during the year	**(116,641)**	(1,009,826)
Outstanding at 30 September 2020[1]	**5,931,814**	6,341,808
Exercisable at 30 September 2020	**540,167**	193,461
Weighted average remaining contracted life (years)	**1.3**	1.1
Weighted average fair value of awards granted (£)	**6.62**	5.37

[1] This includes the dividend equivalent shares which have been awarded in line with the terms of the rules of the PSP.

The exercise price for the PSP awards is £nil.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. Share-based payments continued

Details of awards granted in the year

The fair value of equity-settled awards granted in the year with the TSR performance condition was determined using an option pricing model (based on similar principles to a Monte Carlo model). The following inputs were used for the option pricing model:

	2020	2019
Weighted average share price at grant (£)	**6.52**	6.75
Weighted average exercise price	**–**	–
Risk free rate	**0.6%**	0.9%
Expected volatility	**23.1%**	23.6%
Expected life (years)	**3.0**	3.0
Vesting period (years)	**3.0**	3.0
Expected correlation between the share price of TSR comparators	**28.2%**	24.5%

Expected volatility was determined with reference to the historic volatility for the constituents of the Group's TSR comparator group over a period commensurate with the expected life of the awards.

Awards subject to EPS performance criteria have been valued with reference to the share price at the date of the award.

UK Share Incentive Plan

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

For each 12-month plan period from January 2016 to December 2020, the actual entitlement to matching shares was fixed at one matching share for every two partnership shares purchased. For the period from January 2015 to December 2015, the actual entitlement was fixed at one matching share for every one partnership share purchased. The Group incurred a charge of £0.1m in respect of the matching element of the UK SIP in 2020 (2019: £0.1m).

International Share Incentive Plan

The International Share Incentive Plan ('ISIP') is a share matching scheme which entitles participating employees to be given up to two free ordinary shares (matching shares) for each SSP Group plc ordinary share purchased (partnership shares). Both the partnership and matching shares are placed in trust for a three-year period. The ISIP has been in place since September 2015.

For each 12-month plan period from November 2016 to October 2020, the actual entitlement to matching shares was fixed at one matching share for every two partnership shares purchased. For the period from November 2015 to October 2016, the entitlement was fixed at one matching share for every one partnership share purchased. The Group did not incur a charge in respect of the matching element of the ISIP in 2020 (2019: £0.1m).

27. Cash flow from operations

	Note	2020 IFRS 16 £m	2019 IAS 17 £m
(Loss)/profit for the year		**(397.7)**	153.5
Adjustments for:			
Depreciation of property, plant and equipment	12	**111.0**	98.3
Depreciation of right-of-use assets	14	**305.3**	–
Amortisation	13	**10.6**	8.9
Profit on disposal of leases		**(0.3)**	–
Non-cash change in lease liabilities	7	**(91.9)**	–
Impairments		**109.6**	–
Share-based payments	26	**2.0**	8.2
Finance income	9	**(2.5)**	(2.3)
Finance expense	9	**62.0**	28.4
Share of loss/(profit) of associates	15	**2.4**	(4.1)
Taxation	10	**(28.1)**	43.7
		82.4	334.6
Decrease/(increase) in trade and other receivables		**77.2**	(30.4)
Decrease/(increase) in inventories		**15.5**	(3.6)
(Decrease)/increase in trade and other payables (including provisions)		**(161.7)**	37.7
Cash flow from operations		**13.4**	338.3

During the year the Group benefited from government support packages related to Covid-19, whereby tax payments of £10.4m were deferred to aid cash flow.

The cash inflow in trade and other receivables during the year is higher than the decrease in the trade and other receivables in the consolidated balance sheet from 2019 to 2020. This is primarily due to the recognition of £27.3m capital contribution receivables from non-controlling interest equity shareholders towards the end of the 2020 financial year, of which cash had not been collected as at 30 September 2020. The other side to this adjustment is recognised in non-controlling interests in equity. Furthermore, transition to the IFRS 16 opening balance sheet led to a reduction of receivables of £11.0m. Due to the Group using the modified retrospective approach to transition, the prior periods have not been restated for this opening balance sheet transition.

28. Reconciliation of net cash flow to movement in net debt

		Gross debt				
	Cash and cash equivalents £m	Bank and other borrowings £m	US Private Placement notes £m	Leases £m	Total gross debt £m	Net debt £m
At 1 October 2018	**147.8**	(480.8)	–	(1.7)	(482.5)	(334.7)
Transition to IFRS 9 (non-cash movement)	**–**	7.7	–	–	7.7	7.7
Net increase in cash and cash equivalents	**81.8**	–	–	–	–	81.8
Cash inflow from drawdown of revolving credit facility	**–**	(27.5)	–	–	(27.5)	(27.5)
Cash outflow from other changes in debt	**–**	32.0	–	–	32.0	32.0
Cash inflow from drawing of USPP notes	**–**	–	(239.8)	–	(239.8)	(239.8)
Payment of lease liabilities and other loans	**–**	2.7	–	0.5	3.2	3.2
Cash inflow from investment in other financial assets	**–**	(5.1)	–	–	(5.1)	(5.1)
Currency translation gains/(losses)	**3.7**	1.6	(5.9)	–	(4.3)	(0.6)
Other non-cash movements	**–**	(2.2)	1.8	–	(0.4)	(0.4)
At 1 October 2019	**233.3**	**(471.6)**	**(243.9)**	**(1.2)**	**(716.7)**	**(483.4)**
Transition to IFRS 16 (non-cash movement)	**–**	–	–	(1,464.4)	(1,464.4)	(1,464.4)
Net decrease in cash and cash equivalents	**(43.1)**	–	–	–	–	(43.1)
Cash outflow from repayment of revolving credit facility	–	97.5	–	–	97.5	97.5
Cash inflow from other changes in debt	–	(32.1)	–	–	(32.1)	(32.1)
Cash inflow from receipt of USPP note	–	–	(101.8)	–	(101.8)	(101.8)
Cash inflow from drawing of CCFF	–	(125.0)	–	–	(125.0)	(125.0)
Cash outflow from payment of lease liabilities	–	–	–	200.4	200.4	200.4
New lease liabilities and amendments	–	–	–	(89.9)	(89.9)	(89.9)
Currency translation (losses)/gains	**(5.2)**	(1.7)	4.9	5.8	9.0	3.8
Other non-cash movements	–	(2.3)	(0.3)	–	(2.6)	(2.6)
At 30 September 2020	**185.0**	**(535.2)**	**(341.1)**	**(1,349.3)**	**(2,225.6)**	**(2,040.6)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. Financial instruments

(a) Fair values of financial assets and liabilities

All financial assets and financial liabilities are carried at amortised cost, except for derivatives which are held at fair value through the income statement.

The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 2020 £m	Fair value 2020 £m	Carrying amount 2019 £m	Fair value 2019 £m
Financial assets measured at amortised cost				
Cash and cash equivalents	185.0	185.0	233.3	233.3
Trade and other receivables	155.1	155.1	184.5	184.5
Total financial assets measured at amortised cost	340.1	340.1	417.8	417.8
Non-derivative financial liabilities measured at amortised cost				
Bank loans	(411.3)	(417.8)	(471.6)	(481.5)
Covid Corporate Financing Facility (CCFF)	(123.9)	(125.0)	–	–
US Private Placement notes	(341.1)	(342.6)	(243.9)	(245.6)
Lease liabilities	(1,349.3)	(1,349.3)	–	–
Finance lease liabilities	–	–	(1.2)	(1.2)
Trade and other payables	(380.0)	(380.0)	(532.8)	(532.8)
Total financial liabilities measured at amortised cost	(2,605.6)	(2,614.7)	(1,249.5)	(1,261.1)
Derivative financial liabilities				
Interest rate swaps	(5.1)	(5.1)	(4.6)	(4.6)
Total derivative financial liabilities	(5.1)	(5.1)	(4.6)	(4.6)

Bank loans

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. Bank loans are categorised as level 2 financial liabilities, whereby inputs which are used in the valuation of these financial liabilities and have a significant effect on the fair value are observable, either directly or indirectly.

Lease liabilities

Fair value is based on the present value of the future lease payments, discounted at the rate implicit in the lease or, where this is not known, the incremental borrowing rate.

Finance lease liabilities

Fair value is based on the present value of the future lease payments, discounted at the rate implicit in the lease.

Other non-derivative financial instruments (excluding bank loans)

Due to the short-term nature of non-derivative financial instruments (excluding bank loans), the fair value is approximate to the carrying value.

Derivative financial instruments

Derivative financial instruments relate to interest rate swaps and are valued using relevant yield curves and exchange rates as at the balance sheet date.

Fair value hierarchy

All derivative financial liabilities are categorised as level 2 under which the fair value is measured using the inputs other than quoted prices observable for the liability, either directly or indirectly.

(b) Credit risk

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse, with no single debtor representing more than 6.4% (2019: 3.9%) of the total balance. The ageing of trade receivables at the balance sheet date was as follows:

	2020 £m	2019 £m
Total trade receivables	28.3	72.3
Less: loss allowance	(9.5)	(6.2)
	18.8	66.1
Of which:		
Not yet due	11.0	38.6
Overdue, between 0 and 6 months	7.7	24.2
Overdue, more than 6 months	9.6	9.5
Loss allowance	(9.5)	(6.2)
	18.8	66.1

The movement in the loss allowance in respect of trade receivables during the year was as follows:

	2020 £m	2019 £m
At 1 October 2019	(6.2)	(3.9)
Charged in the year	(7.9)	(2.6)
Reversed in the year	0.6	–
Utilised in the year	3.8	0.6
Currency adjustment	0.2	(0.3)
At 30 September 2020	(9.5)	(6.2)

Expected credit losses

The Group applies the simplified approach and records lifetime expected credit losses for trade receivables. Loss allowances have been recognised for trade receivables that have been identified as credit impaired. In addition, due to the financial uncertainty arising from Covid-19, expected credit loss rates have been increased for all other trade receivables. The Group has assessed customer balances in relation to their operating sector (such as air or rail), whether the customer has access to some form of government support scheme, receivable ageing and other indicators of risk to recoverability.

Receivables excluding trade receivables

Expected credit losses for other receivables were negligible at 30 September 2019. Due to the uncertainties caused by Covid-19, the Group has recorded expected credit losses of £1.5m in relation to other receivables at 30 September 2020.

(c) Credit quality of cash at bank and short-term deposits

The credit quality of cash at bank and short-term deposits has been assessed by reference to Moody's external ratings as follows:

	2020 £m	2019 £m
High grade	58.1	131.4
Upper medium grade	67.4	17.4
Medium grade	11.3	14.5
Non-investment grade	6.6	9.9
Unrated	39.0	24.7
	182.4	197.9
Cash in hand and in transit	2.6	35.4
	185.0	233.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. Financial instruments continued

(d) Financial risk management

The main financial risks of the Group relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions, and fluctuations in interest and foreign exchange rates. In this regard, the treasury function is mandated by the Board to manage the financial risks that arise in relation to underlying business needs. The function has clear policies and operating parameters, and its activities are regularly reviewed by the Board to ensure compliance. The function does not operate as a profit centre and speculative transactions are not permitted.

Financial instruments, including derivatives, are used on occasion to manage the main financial risks arising during the course of business. These risks are liquidity risk and market risk and are discussed further below.

Liquidity risk

The Group's objective in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. In order to achieve this, the treasury department maintains an appropriate level of funds and facilities to meet each year's planned funding requirement.

In response to the Covid-19 pandemic, the Group implemented a set of measures to conserve cash and create approximately £750m of liquidity by April 2020 through new equity and debt. These measures included: (i) completion of equity placings and share subscriptions in March 2020, which raised £208.6m of net cash proceeds, and a subsequent placing, share subscription and retail offer in June 2020 which raised additional net cash proceeds of £10.8m and allowed investors to reinvest their 2019 dividend payment into new shares and retain cash in the business; (ii) secured access to the UK Government's CCFF programme which gave access to £300m of liquidity in March 2020; (iii) secured waivers of the Group's existing covenant tests until September 2021; (iv) suspension of the Group's share buyback programme to conserve cash; and (v) the foregoing of interim dividends.

On 29 May 2020, in order to help the Group's liquidity position, a non-substantial modification to the bank facility debt occurred where the requirement for the 2020 July annual mandatory payment of 11.7% of Facility A borrowings was waived to the facility's maturity date. Further detail is provided in note 20.

At the end of the reporting period, the Group had approximately £520m of available liquidity, including cash of £185m and committed undrawn revolving credit facilities of £150m, as well as a further £175m available to be drawn down under the CCFF.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

		2020				
	Carrying amount £m	**Contractual cash flows £m**	**1 year or less £m**	**1 to <2 years £m**	**2 to <5 years £m**	**>5 years £m**
Non-derivative financial liabilities						
Bank loans	**(411.3)**	**(435.2)**	**(42.6)**	**(362.9)**	**(20.2)**	**(9.5)**
Covid Corporate Financing Facility (CCFF)	**(123.9)**	**(125.0)**	**(125.0)**	**–**	**–**	**–**
US Private Placement notes	**(341.1)**	**(454.6)**	**(16.4)**	**(14.3)**	**(39.1)**	**(384.7)**
Lease liabilities	**(1,349.3)**	**(1,429.3)**	**(294.3)**	**(257.8)**	**(594.8)**	**(282.4)**
Trade and other payables	**(380.0)**	**(380.0)**	**(376.0)**	**(0.8)**	**(0.1)**	**(3.1)**
Derivative financial liabilities						
Interest rate swaps used for hedging	**(5.1)**	**(4.6)**	**(2.4)**	**(2.1)**	**–**	**–**
	(2,610.7)	**(2,828.7)**	**(856.7)**	**(637.9)**	**(654.2)**	**(679.7)**

		2019				
	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	>5 years £m
Non-derivative financial liabilities						
Bank loans	(471.6)	(530.5)	(136.2)	(37.9)	(356.4)	–
Finance lease liabilities	(1.2)	(1.4)	(0.8)	(0.3)	(0.3)	
US Private Placement notes	(243.9)	(366.5)	97.0	(13.6)	(40.7)	(409.2)
Trade and other payables	(532.8)	(532.8)	(529.7)	(3.1)	–	–
Derivative financial liabilities						
Interest rate swaps used for hedging	(4.6)	(4.6)	(1.4)	(1.7)	(1.5)	–
	(1,254.1)	(1,435.8)	(571.1)	(56.6)	(398.9)	(409.2)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. These are discussed further below.

Currency risk

Although the functional currency of the Group is Sterling, the Group's operating cash flows are transacted in a number of different currencies. The Group's policy in managing this financial currency risk is to use foreign currency denominated borrowings to ensure that interest costs arise in currencies that reflect the operating cash flows, thereby minimising net cash flows in foreign currencies. As the mix of foreign currency cash flows generated by the business changes over time, there may be a requirement to restructure borrowings (via financial instruments or other treasury products) to maintain this hedge. The Board reviews financial currency risk at least once a year.

The currency profile of the cash balances of the Group at 30 September 2020 was as follows:

Cash at bank and in hand	2020 £m	2019 £m
Sterling	21.5	86.5
Other currencies	163.5	146.8
	185.0	233.3

The Group uses currency denominated borrowings to hedge the exposure of a portion of its net investment in overseas operations (with non-Sterling functional currency) against changes in value due to changes in foreign exchange rates. An economic relationship has been identified as both the net investment in overseas operations, and the currency denominated borrowings used as the related hedging instrument, are subject to currency risk, and changes in foreign exchange rates would cause their values to move in opposite directions .

As at 30 September 2020, the fair value of bank loans and US Private Placement debt used as hedging instruments was £545.3m (2019: £447.5m). Of this, £213.7m was in respect of Euro exposure, £274.9m in respect of the US Dollar exposure, £32.2m in respect of Norwegian Krone exposure and £24.5m for Swedish Krona exposure. This increased during the year due to the issuance of US Private Placement debt where the equivalent of £101.8m was drawn in non-Sterling currencies (see note 20 for details).

There were no reclassifications from foreign currency translation reserve and net investment hedge ineffectiveness was £nil during the year.

No sensitivity analysis is provided in respect of currency risk as the Group's currency exposure mainly relates to translation risk as discussed above.

Interest rate risk

The Group has entered into a series of interest rate swaps in order to hedge its interest rate exposure from its variable rate term loan facilities. The impact of all of these transactions is reflected in the table below.

The interest rate and currency profile of the Group's bank loans at 30 September 2020, after taking into account interest rate swaps and before adjustments for unamortised bank fees of £3.6m (2019: £5.0m) and government grants of £4.3m (2019: £nil) received in the form of beneficial interest rates, was as follows:

	Floating-rate liabilities		Fixed-rate liabilities		Total	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Currency						
Sterling	(43.2)	(132.1)	(262.2)	(145.8)	(305.4)	(277.9)
Euro	(60.1)	(39.2)	(186.3)	(169.6)	(246.4)	(208.8)
US Dollar	(8.5)	(7.2)	(266.3)	(173.3)	(274.8)	(180.5)
Swedish Krona	(7.7)	(5.9)	(16.8)	(17.6)	(24.5)	(23.5)
Norwegian Krone	(10.1)	(8.7)	(22.2)	(26.1)	(32.3)	(34.8)
Swiss Franc	–	–	(0.4)	–	(0.4)	–
Indian Rupee	(1.6)	(1.7)	–	–	(1.6)	(1.7)
	(131.2)	(194.8)	(754.2)	(532.4)	(885.4)	(727.2)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. Financial instruments continued

Interest rate swaps

All interest rate swap contracts exchanging floating-rate interest amounts for fixed interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. An economic relationship between the interest rate swaps and floating-rate liabilities has been identified, as both are subject to changes in interest rates that would cause their values to move in opposite directions. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to the income statement over the period that the floating rate interest payments on debt affect the income statement.

The fair value of the interest rate swaps was £5.1m as at 30 September 2020 (2019: £4.6m).

In 2020, a charge of £1.8m (2019: charge of £5.9m) was recognised in other comprehensive income representing the effective portion of changes in the fair value of the interest rate swaps in the year. There was no ineffectiveness recognised in the income statement in either year.

In 2020, a credit of £1.6m (2019: credit of £3.8m) in other comprehensive income arose on the reclassification of the cumulative changes in fair value of the interest rate swaps to the income statement (see note 9).

Sensitivity analysis

A change of 50 basis points in interest rates at the balance sheet date would have increased/(decreased) equity by the amounts in the table below. This is driven by changes in the carrying value of derivative financial instruments. At 30 September 2020, these were in fully effective hedge relationships and the movement would have had no impact on the income statement.

This calculation assumes that the change occurred at the balance sheet date and has been applied to risk exposures existing at that date. In addition, all other variables, in particular, foreign currency rates, have been assumed to remain constant.

	2020 £m	2019 £m
Equity		
Increase	2.2	3.8
Decrease	(2.3)	(3.8)

(e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development. The Group's capital is represented by the share capital and reserves (as set out in note 25), retained earnings, and net debt (see below). The funding requirements of the Group are met by a mix of long-term borrowings, medium-term borrowings, short-term borrowings (under its RCF) and available cash.

In May 2020 the Group secured an arrangement from its lending group of banks and US Private Placement noteholders to waive existing financial covenants covering the two testing periods to 30 September 2020 and 31 March 2021. It has been agreed that these covenant tests will be replaced by between now and 30 September 2021 by two new covenant tests, each tested monthly, with the first of these based on SSP demonstrating a minimum level of liquidity and the second based on the Group not exceeding a maximum level of debt.

Subsequent to the year end, the Group also agreed further covenant waivers covering the twelve months to September 2021. As was the case with the covenant amendments agreed in May, the existing financial covenant testing leverage has been waived, to be replaced between September 2021 and March 2022 by the two new covenants testing minimum liquidity and maximum net debt. An additional new covenant will also apply during this six month period, testing minimum EBITDA thresholds for the six months ending 30 September 2021 and 31 December 2021. Modified interest cover tests (calculated on a last six months basis) will also be applied at these two testing dates.

As mentioned in the review of liquidity risk, the Group implemented a number of actions in response to the Covid-19 pandemic. These included equity placings in March and June in order to raise cash proceeds, while also allowing investors to reinvest their 2019 dividend payment into new shares to retain cash in the business. The Group's share buyback scheme was suspended, and no dividend payment has been proposed for the 2020 financial year.

30. Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2020 £m	2019 £m
Contracted for but not provided	47.3	62.5

31. Related parties

Related party relationships exist with the Group's subsidiaries, associates (note 15), key management personnel, pension schemes (note 23) and employee benefit trust (note 25).

Subsidiaries

Transactions between the Company and its subsidiaries, and transactions between subsidiaries, have been eliminated on consolidation and are not disclosed in this note. Where the Group does not own 100% of its subsidiary, significant transactions with the other investors in the non-wholly owned subsidiary ('investor'), other than those listed in note 25, are disclosed within this note (in the table below). Sales and purchases with related parties are made at normal market prices.

Associates

Significant transactions with associated undertakings during the year, other than those included in note 15, are included in the table below.

Related party transactions

	2020 £m	2019 £m
Purchases from related parties[1]	**(1.7)**	(3.0)
Management fee income	**2.2**	2.6
Other income	**1.1**	1.6
Other expenses[2]	**(11.2)**	(14.2)
Amounts owed by related parties at the end of the year	**3.6**	10.1
Amounts owed to related parties at the end of the year	**(6.1)**	–
Operating lease commitments	**–**	(18.5)

1 The majority of purchases from related parties relates to purchases from The Minor Food Group PCL (£0.9m; 2019: £0.9m) which owns 51% of Select Service Partner Co. Limited.

2 The majority of other expenses relate to £11.2m rent from Midway Partnership LLC (2019: £8.9m concession fees with various parties).

Bank guarantees

The Group has provided a number of guarantees to third parties and has given guarantees to partners of consolidated non-wholly owned subsidiaries in respect of obligations of its non-wholly owned subsidiaries, relating to, for example, concession agreements, franchise agreements and financing facilities. In addition, certain subsidiaries benefit from guarantees provided by the Group's non-controlling interest partners to similar third parties (in respect of obligations of the subsidiaries). These guarantees are consistent with those provided in the normal course of business in respect of the Group's wholly owned subsidiaries. At 30 September 2020 the value of these guarantees was £119.0m. The Group does not expect these guarantees to be called on and as such no liability has been recognised in the financial statements.

Remuneration of key management personnel

The remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. The Group considers key management personnel to be the Chief Executive Officer, Chief Financial Officer, Non-Executive Directors and the Group Executive Committee.

	2020 £m	2019 £m
Short-term employee benefits	**(5.0)**	(6.5)
Post-employment benefits	**(0.6)**	(0.4)
Share-based payments	**(0.8)**	(1.5)
	(6.4)	(8.4)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32. Business combinations

Business combinations 2019/2020

During the year ended 30 September 2020, the Group purchased 100% of the share capital of two companies and the trade and assets comprising part of the business of two other companies for a total consideration, net of cash and cash equivalents acquired, of £21.5m. These transactions were deemed to be business combinations within the scope of IFRS 3 'Business Combinations'.

A summary of the details of these acquisitions are shown in the table below:

Business/Company	Acquisition method	Sector	Country	Acquisition date
Land's End Pasty	Trade and assets	Rail	UK	1 October 2019
Red Rock's F&B business in Melbourne airport	Trade and assets	Air	Australia	23 December 2019
WA Airport Hospitality Pty Ltd	Share capital	Air	Australia	23 January 2020
Station Food GmbH	Share capital	Rail	Germany	29 February 2020

The acquisitions are in line with the Group's strategy to grow its geographic footprint and expand its operations in the UK, Australia and Germany.

These acquisitions are individually not material but are material in aggregate.

A summary of the aggregate effect of acquisitions completed in 2020 are shown below:

	£m
Property, plant and equipment	9.8
Right-of-use assets	24.1
Inventories	0.3
Trade and other receivables	0.6
Cash	1.0
Trade and other payables	(2.1)
Lease liabilities	(24.1)
Fair value of the assets acquired	**9.6**
Goodwill	**12.9**
Cash consideration	**22.5**
Reconciliation of consideration to the consolidated cash flow statement:	
Cash consideration	22.5
Less: cash and cash equivalents acquired	(1.0)
Cash consideration, net of cash and cash equivalents acquired	**21.5**

The Board believes that the excess consideration paid over fair value of the net identifiable assets is best considered as goodwill on acquisition, representing the operating synergies, derived from adding scale and other benefits to our local existing operations. Goodwill recognised is not deductible for tax purposes.

For the year ended 30 September 2020, the acquisitions in aggregate contributed £6.6m to revenue and £2.7m to operating losses from the dates of acquisition. If the acquisitions had occurred at the beginning of the year, their contribution to revenue and operating loss would have been £16.0m and £3.3m respectively.

Total transaction costs and expenses incurred of £0.6m have been included in other overheads within the income statement and primarily related to professional fees for reviews and due diligence of these deals.

Business combinations 2018/2019

The Group made no material, individual or in aggregate, business combinations during the year ended 30 September 2019.

33. Post balance sheet event

In December 2020, SSP Financing Limited secured an agreement from its lending group of banks and US private placement note holders to waive the net debt cover financial covenant for the testing period covering the twelve months to 30 September 2021. Please refer to going concern section on page 106 for further details.

COMPANY BALANCE SHEET

As at 30 September 2020

	Notes	2020 £m	2019 £m
Fixed assets			
Investments	35	**947.8**	946.1
		947.8	946.1
Current assets			
Debtors due within one year	36	**98.5**	0.3
Liabilities falling due within one year			
Creditors	37	**(10.1)**	(90.7)
Net current (liabilities)/assets		**88.4**	(90.4)
Net assets		**1,036.2**	855.7
Capital and reserves			
Called up share capital	38	**5.8**	4.8
Share premium account	38	**472.7**	461.2
Treasury shares	38	**(1.7)**	–
Capital redemption reserve	38	**1.2**	1.2
Merger relief reserve	38	**206.9**	–
Profit and loss account	38	**351.3**	388.5
Total equity shareholders' funds		**1,036.2**	855.7

These financial statements were approved by the Board of Directors on 16 December 2020 and were signed on its behalf by:

Jonathan Davies
Chief Financial Officer

Registered number: 5735966

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 30 September 2020

	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger relief reserve £m	Treasury shares £m	Profit and loss account £m	Total equity £m
At 1 October 2018	4.8	461.2	1.2	–	–	344.5	811.7
Profit for the year	–	–	–	–	–	236.6	236.6
Issue of ordinary shares under share option schemes	–	–	–	–	–	(200.8)	(200.8)
Share-based payments	–	–	–	–	–	8.2	8.2
At 30 September 2019	4.8	461.2	1.2	–	–	388.5	855.7
Loss for the year	–	–	–	–	–	**(12.4)**	**(12.4)**
Equity issue	**1.0**	**11.5**	–	**206.9**	–	–	**219.4**
Share buyback	–	–	–	–	**(1.7)**	–	**(1.7)**
Dividends paid to equity shareholders (note 38)	–	–	–	–	–	**(26.8)**	**(26.8)**
Share-based payments	–	–	–	–	–	**2.0**	**2.0**
At 30 September 2020	**5.8**	**472.7**	**1.2**	**206.9**	**(1.7)**	**351.3**	**1,036.2**

NOTES TO COMPANY FINANCIAL STATEMENTS

34. Accounting policies

SSP Group plc (the Company) is a company incorporated in the UK.

These statements present information about the Company as an individual undertaking and not about its Group. The separate financial statements are presented as required by the Companies Act 2006.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) under the historical cost accounting rules.

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

- the cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instrument Disclosures'; and
- the effects of new but not yet adopted IFRSs.

Where relevant, equivalent disclosures have been given in the consolidated financial statements. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's balance sheet and related notes.

The Company uses Sterling as its presentational and functional currency and all values have been rounded to the nearest £0.1m unless otherwise stated.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. The loss for the financial year (2019: profit) is disclosed in note 38 to these accounts. The Company has no other recognised gains or losses in the current or preceding year and, therefore, no statement of comprehensive income is presented.

Going concern

SSP Group plc is the ultimate parent company of the SSP Group. The Board has reviewed the Group's trading forecasts, incorporating the impact on SSP of Covid-19, as part of the Group's adoption of the going concern basis, in which context the Directors have reviewed cash flow forecasts prepared for a period of 16 months from the date of approval of these financial statements, with a number of different scenarios considered. Having carefully reviewed these forecasts, the Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below. See pages 42 and 43 for consideration of the Group's going concern basis.

Investments

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

Impairment

The carrying values of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. When a subsequent event or change in circumstances causes the recoverable amount of an asset to increase, the decrease in impairment loss is reversed through the income statement.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. Tax is recognised in the profit and loss account except where it relates to items taken directly to equity, in which case it is recognised in equity. Deferred tax is recognised in respect of all temporary differences between the treatment of items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 101.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Share-based payment compensation

The Company has granted equity-settled share awards to Group employees. Equity-settled awards are measured at fair value at grant date. The fair value of awards granted to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will actually vest. The cost of awards to employees of subsidiary undertakings is accounted for as an additional investment.

35. Investments in subsidiary undertakings

	Shares in Group undertaking £m
Cost	
At 1 October 2019	946.1
Additions	1.7
At 30 September 2020	**947.8**
Net book value	
At 30 September 2020	**947.8**
At 30 September 2019	946.1

Impairment

The Directors have assessed whether the Company's fixed asset investments require impairment under the accounting principles set out in FRS 101. In making this assessment, the relationship between the Company's market capitalisation and the carrying value of its investments has been considered, in addition to the disruption attributable to the Covid-19 pandemic and the effect of this on future trading.

The assessment did not result in any impairment in 2020 (2019: £nil).

36. Debtors

Due within one year	2020 £m	2019 £m
Amount receivable from Group undertakings	**97.9**	–
Other debtors	**0.4**	0.1
Deferred taxation	**0.2**	0.2
	98.5	0.3

37. Creditors

Due within one year	2020 £m	2019 £m
Amounts payable to Group undertakings	**(2.6)**	(84.4)
Accruals and deferred income	**(3.9)**	(2.6)
Trade and other payables	**(0.6)**	(0.8)
Other taxation and social security	**(3.0)**	(2.9)
	(10.1)	(90.7)

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

38. Capital and reserves

Share capital and share premium

	Number of shares	Share capital £m	Share premium £m
Issued, called up and fully paid:			
Ordinary shares of £0.01085 each			
At 30 September 2019	444,852,520	4.8	461.2
Ordinary shares issued as part of the March equity placement	86,499,459	1.0	0.8
Ordinary shares issued as part of the June equity placement	3,475,388	–	10.7
Ordinary shares issued in relation to the Group's share incentive plans	3,032,564	–	–
Effect of the share buyback	(263,499)	–	–
At 30 September 2020	**537,596,432**	**5.8**	**472.7**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01085 each	**537,596,432**	**5.8**	**472.7**

Reserves

	Treasury shares £m	Capital redemption reserve £m	Merger relief reserve £m	Profit and loss account £m	Total £m
At 1 October 2018	–	1.2	–	344.5	345.7
Profit for the year	–	–	–	236.6	236.6
Dividends paid to equity shareholders	–	–	–	(200.8)	(200.8)
Share-based payments	–	–	–	8.2	8.2
At 30 September 2019	**–**	**1.2**	**–**	**388.5**	**389.7**
Loss for the year	–	–	–	**(12.4)**	**(12.4)**
Excess of proceeds over share capital of the March 2020 equity placement, net of fees incurred	–	–	**206.9**	–	**206.9**
Effect of the share buyback	**(1.7)**	–	–	–	**(1.7)**
Dividends paid to equity shareholders	–	–	–	**(26.8)**	**(26.8)**
Share-based payments	–	–	–	**2.0**	**2.0**
At 30 September 2020	**(1.7)**	**1.2**	**206.9**	**351.3**	**557.7**

Capital redemption reserve

The capital redemption reserve relates to the cancellation of the deferred ordinary shares in 2015.

Merger relief reserve

On 25 March 2020 the Company undertook an equity placement which was effected by the Company's placing agent subscribing for shares in a subsidiary of the Company for an amount broadly equal to the proceeds of the placing, and then transferring those shares to the Company in exchange for the allotment of the Company's new shares to investors.

The excess of the gross proceeds raised over the nominal value of the shares issued of £215.5m, and the issue costs and other related fees incurred from the placing of £7.6m, are both netted and recorded in the merger relief reserve, in accordance with Section 612 of the Companies Act 2006.

Profit and loss account

The Company's loss for the financial year was £12.4m (2019: profit of £236.6m).

Dividends

	2020 £m	2019 £m
Interim dividend paid in the year of £nil per share (2019: 5.8p)	–	(25.8)
Special dividend paid in the year of £nil per share (2019: 32.1p)	–	(149.8)
Prior year final dividend of 6.0p per share paid in the year (2019: 5.4p)	**(26.8)**	(25.2)
	(26.8)	(200.8)

The prior year final dividend of 6.0p per share was approved at the Group's Annual General Meeting in February 2020 and was paid in June 2020 for a total payment of £26.8m. No dividend for the 2020 financial year is proposed.

39. Employee share plans

Awards over shares of the Company have been granted to employees of the Company under the Performance Share Plan (PSP) and the UK Share Incentive Plan (UK SIP).

Details of the terms and conditions of each share-based payment plan and of the Group's TSR comparator group are given in the Annual Report on Remuneration on pages 73 and 75.

PSP

	2020 Number of shares	2019 Number of shares
Outstanding at 1 October 2019	1,605,885	2,516,276
Granted during the year	582,880	450,418
Exercised during the year	(729,984)	(990,897)
Lapsed during the year	(15,093)	(369,912)
Outstanding at 30 September 2020	1,443,688	1,605,885
Exercisable at 30 September 2020	157,643	61,584
Weighted average remaining contracted life (years)	1.3	0.9
Weighted average fair value of awards granted in the year (£)	5.81	5.12
Expense recognised for the year (£m)	0.4	2.0

The exercise price for the PSP is £nil.

Information on awards granted in the year can be found in note 26 to the Group accounts.

UK SIP

See note 26 to the Group accounts for information on awards granted under the UK SIP in 2020.

40. Directors' remuneration

The remuneration of the Directors of the Company is disclosed in note 31 to the Group accounts and in the Annual Report on Remuneration on on pages 68 and 72. Details of PSP awards made to Executive Directors are given on page 70.

41. Related parties

The Company has identified the Directors of the Company and the Group Executive Committee as related parties for the purpose of FRS 101. Details of the relevant relationships with these related parties are disclosed in note 31 to the Group accounts.

The Company has no transactions with or amounts owed to or from subsidiary undertakings that are not 100% owned either directly by the Company or by its subsidiaries.

42. Contingent liabilities

The Company is a member of a VAT group and consequently is jointly liable for the VAT group's liability. At 30 September 2020 the VAT group was in a repayment position, therefore the Company's contingent liability was £nil (2019: £4.4m).

In addition, the Company is a guarantor for the Group's bank facilities, CCFF and US Private Placement borrowings. The borrowings under the facilities at 30 September 2020 were £885.4m (2019: £725.5m).

The Company has also provided guarantees in relation to certain operating liabilities of operating subsidiaries. All such liabilities are expected to be paid by the relevant subsidiary in the normal course of business.

43. Other information

The fee for the audit of the Company's annual financial statements was £0.4m (2019: £0.2m).

The average number of persons employed by the Company (including Directors) during the year was 68 (2019: 60).

Total staff costs (excluding charges for share-based payments) were £8.9m (2019: £14.4m).

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

44. Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, associates and other investments (held directly and indirectly by the Company) at the year end are as disclosed below.

Group companies included in the consolidation are those companies controlled by the Group. Control exists when the Group has the power to direct the activities of an entity so as to affect the return on investment. In certain cases an entity may be consolidated when the percentage of shares held may be less than 50% as the Group has the power to control such activities.

Part A – Subsidiaries

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Subsidiaries (all of which are included in the Group consolidation):		
Australia		
SSP Australia Airport Concessions Pty Ltd Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia	Holding company	
SSP Australia Airport F&B Pty Ltd Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia		
SSP Australia Catering Pty Limited[3] Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia		
WA Airport Hospitality Pty Limited Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia		
Austria		
SSP Österreich GmbH Office Park 3/Top 144, 1300 Wien-Flughafen, Austria		
Bahrain		
SSP Bahrain WLL Falcon Tower, Office 614. Building No 60, Road 1701, Block 317, Diplomatic Area, Manama, Kingdom of Bahrain		51%
Belgium		
Rail Gourmet Belgium NV Prins Bisschopssingel, 36-3 B-3500, Belgium	Inactive company	
Rail Gourmet Services Belgium NV Prins Bisschopssingel, 36-3 B-3500, Belgium	Inactive company	
SSP Aérobel SPRL Rue des Frères Wright, 8 Boite 12, 6041 Charleroi, Belgium		
SSP Belgium SPRL Korte Ambachtstraat 4, 9860, Oosterzele, Belgium		
Bermuda		
Bermuda Travel Concessions, LLC 4 Burnaby Street, Hamilton, Bermuda HM 11	Inactive company	51%
Brazil		
SSP DFA Restaurantes Brasil Ltda Avenida das Américas, 3434, Building 02, Office 301, Zip Code 22.640-102		50%[1]
Cambodia		
Select Service Partner (Cambodia) Limited No 4B, Street Vat Ang Taming, Sangkat Kakab, Khan Poh Sen Chey, Phnom Penh	Inactive company	49%[1,7]
Canada		
SSP Canada Airport Services Inc. 30th Floor, 360 Main Street, Winnipeg MB R3C 4G1, Canada		
SSP Canada Food Services Inc. McLachlan Brown Anderson Solicitors, 938 Howe Street, 10th Floor, Vancouver BC V6Z 1N9, Canada		
SSP Québec Food Services Inc. 2200-1010 rue Sherbrooke O Montréal (Québec) H3A2R7, Canada		[16]

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
China		
Select Service Partner Hainan Co. Limited[6] 2/F, Departure Halls, Passenger Terminal Building, Haikou Meilan International Airport, Hainan, Haikou 571126, China		
SSP Shanghai Co. Limited[6] Intl Airside and Intl Departure Area Landside, 3/F, Pudong Int'l Airport Terminal, No.6000, Yingbin Road, Pudong New District, Shanghai, China		
Cyprus		
SSP Catering Cyprus Limited 67 Limassol Avenue, Vision Tower 1st Floor, 2121 Aglantzia, Nicosia, Cyprus, P.O.Box 14144, CY-2154 Aglantzia, Nicosia, Cyprus	Holding and Management Services company	
SSP Louis Airport Restaurants Limited 67 Limassol Avenue, Vision Tower 1st Floor, 2121 Aglantzia, Nicosia, Cyprus, P.O.Box 14144, CY-2154 Aglantzia, Nicosia, Cyprus	Holding company	60%
Denmark		
Monarch A/S Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark		
Select Service Partner Denmark A/S Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark		
SSP Denmark Financing ApS Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark	Holding company	
Egypt		
SSP Egypt JSC Cairo International Airport, Airmall Building, 1st Floor, Cairo, Egypt		
Estonia		
Select Service Partner Eesti A/S Veerenni 38, Tallinn 10 138, Estonia		
Finland		
Select Service Partner Finland Oy Helsinki Airport, Vantaa, FI-01530, Finland		
France		
Bars et Restaurants Aéroport Lyon Saint Exupéry SAS Immeuble l'Arc, BP 197, Lyon Saint Exupéry Aéroport, 69125, Lyon, France		
Les Buffets Boutiques et Services des Autoroutes de France SNC 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France	Inactive company	
Select Service Partner SAS 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
SSP Aéroports Parisiens SASU 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
SSP France Financing SAS Immeuble le Virage, 5, Allée Marcel Leclerc, CS60017 13417 Marseille Cedex 08, France	Holding company	

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
SSP Paris SASU 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
SSP Province SAS 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
Germany		
SSP Deutschland GmbH The Squaire 24, 60549 Frankfurt am Main, Germany		
SSP Financing Germany GmbH The Squaire 24, 60549 Frankfurt am Main, Germany	Holding company	
Station Food GmbH The Squaire 24, 60549 Frankfurt am Main, Germany		
Greece		
Select Service Partner Restaurants Hellas SA Athens International Airport, Building 17 Office 2/06-01, 190 19 Spata, Greece		
Hong Kong		
Select Service Partner Asia Pacific Limited Unit 1702-05, Wing On Kowloon Center, 345 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong, S.A.R. China	Holding and Management Services company	
Select Service Partner Hong Kong Limited Unit 1702-05, Wing On Kowloon Center, 345 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong		
SSP China Development Limited[6] Unit 1702-05, Wing On Kowloon Center, 345 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong	Holding company	[3]
Hungary		
SSP Hungary Catering Kft Liszt Ferenc International Airport, Terminal 2B, 1185 Budapest, Hungary		
India		
BLR Lounge Services Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		34.3%[10]
Mumbai Airport Lounge Services Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		21.756%[1,15]
Travel Food Services Chennai Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		49%[1,10]
Travel Food Services (Delhi) Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		49%[1,10]
Travel Food Services (Delhi Terminal 3) Private Limited New Udaan Bhawan, Opposite Terminal 3, IGI Airport, New Delhi, 110 037, India		29.4%[1,11]
Travel Food Services Kolkata Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		49%[1,10]
Travel Food Services Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		49%[1]
Ireland		
RG Onboard Services (Ireland) Limited 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	Inactive company	
Select Service Partner Ireland Limited 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland		
Israel		
Select Service Partner Israel Ltd Derech Menachem Begin 132, Azrieli One Center, Round Building, 6701101, Tel Aviv, Israel		
Luxembourg		
SSP Luxembourg SA Aeroport de Luxembourg, L-1110 Luxembourg		

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Malaysia		
Select Service Partner Malaysia SDN BHD C-2-3A, TTDI Plaza, Jalan Wan Kadir 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur		
Mauritius		
Travel Food Services Global Private Ltd Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Inactive company	49%[1,10]
Netherlands		
Rail Gourmet Netherlands BV Herikerbergweg 238, Luna ArenA, 1101 CM Amsterdam, the Netherlands	Holding company	
SSP Nederland BV Leidseveer 2, 3511 SB, Utrecht, Netherlands		
Norway		
Rail Gourmet Togservice Norge AS[6] Tøyenbekken 21, Oslo, 0188, Oslo, Norway		
Select Service Partner AS Henrik Ibsens veg 7, 2060 Gardermoen, Norway		
SSP Norway Financing AS Henrik Ibsens veg 7, 2060 Gardermoen, Norway	Holding company	
Oman		
Gourmet Foods LLC PO Box 3340, Ruwi, Sultanate of Oman, 112, Oman	Holding company	24.01%[1,12]
Philippines		
Select Service Partner Philippines Corporation JME Building No. 35, Calbayog Street, Barangay, Highway Hills, City of Mandaluyong, NCR, Second District, Philippines	Holding company	52%
SSP-Mactan Cebu Corporation[6] Terminal 1 Mactan Cebu International Airport, Pusok, Lapu-Lapu City, Cebu 6015, Philippines		26%[1,8]
Russia		
Select Service Partner Russia LLC[6] 141400, Moscow region, Khimki, Sheremetyevo Airport, Premises 3, Russia	Inactive company	
Singapore		
Select Service Partner (Singapore) Pte Limited 112 Robinson Road, #05-01, 068902, Singapore		
Spain		
Foodlasa, SLU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain		
Select Service Partner SAU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain		
Select Service Partner Spain Financing SLU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain	Holding company	
SSP Airport Restaurants SLU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain		
Sweden		
Scandinavian Service Partner AB Arlanda Airport, P.O Box 67, S-19045, Stockholm Arlanda, Sweden		
SSP Newco AB Arlanda Airport, P.O Box 67, S-19045, Stockholm Arlanda, Sweden	Inactive company	
SSP Sweden Financing AB Arlanda Airport, P.O Box 67, S-19045, Stockholm Arlanda, Sweden	Holding company	
Switzerland		
Rail Gourmet Holding AG Bahnhofstrasse 10, CH-6300, Zug, Switzerland	Holding company	
Select Service Partner (Schweiz) AG Shopping center/Bahnhofterminal, 8058 Zurich-Flughafen, Switzerland, PO Box: Postfach 2472		

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

44. Group companies continued

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Taiwan		
SSP Taiwan Limited 1F, No.13, Ln. 84, He 1st Rd, Keelung City, Jhongjheng District, 202, Taiwan, Republic of China		
Thailand		
Select Service Partner Co. Limited[6] 88 The Parq Building, 11th Fl. Ratchadaphisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok Metropolis Thailand		49%[1]
United Arab Emirates		
SSP Emirates LLC Mussafah, SH MBX Area ME11, Building 85, Mezzanine floor, Hamed Al-Kurby Building, P.O. Box 133357 Abu Dhabi, United Arab Emirates		51%[21]
United Kingdom		
Belleview Holdings Limited Jamestown Wharf, 32 Jamestown Road, London, United Kingdom, NW1 7HW **('SSP Group Head Office')**	Inactive company	
Belleview Limited SSP Group Head Office	Inactive company	
Cretegame Limited[23] SSP Group Head Office	Inactive company	
Millie's Cookies (Franchise) Limited SSP Group Head Office	Inactive company	
Millie's Cookies Limited SSP Group Head Office	Agency company	
Millies Limited SSP Group Head Office	Inactive company	
Millie's Cookies (Retail) Limited SSP Group Head Office	Agency company	
Rail Gourmet Group Limited SSP Group Head Office	Holding company	
Rail Gourmet UK Holdings Limited SSP Group Head Office	Holding and Management Services company	
Rail Gourmet UK Limited SSP Group Head Office		
Select Service Partner Limited SSP Group Head Office	Agency company	
Select Service Partner Retail Catering Limited SSP Group Head Office	Inactive company	
Select Service Partner UK Limited SSP Group Head Office		
SSP Air Limited SSP Group Head Office	Agency company	
SSP Asia Pacific Holdings Limited SSP Group Head Office	Holding company	
SSP Bermuda Holdings Limited SSP Group Head Office	Holding company	
SSP Euro Holdings Limited SSP Group Head Office	Holding company	
SSP Financing Limited SSP Group Head Office	Holding and Treasury company	
SSP Financing No. 2 Limited SSP Group Head Office	Financing company	[3]
SSP Financing UK Limited SSP Group Head Office	Holding and Management Services company	
SSP Group Holdings Limited SSP Group Head Office	Holding company	[4]
SSP South America Holdings Limited SSP Group Head Office	Holding company	

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Whistlestop Airports Limited SSP Group Head Office	Inactive company	
Whistlestop Foods Limited SSP Group Head Office	Inactive company	
Whistlestop Operators Limited SSP Group Head Office	Inactive company	
United States of America		
ATL Dine and Fly, LLC 1210 Peachtree Street, NE, Atlanta, GA 30361, United States	Inactive company	
CBC SSP America DAL, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		49%[1]
CBC SSP America DFW, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		49%[1]
Creative PTI, LLC CT Corporation System, 160 Mine Lake Court, Suite 200, Raleigh NC 27615-6417, United States		62.8%[17]
Flavor of ATL, LLC CT Corporation System, 289 S Culver Street, Gwinnett, Lawrenceville GA 30046, United States	Inactive company	
Harry's Airport[20] 111 Monument Circle, Suite 2700, Indianapolis, IN 46204, United States		51%
Jackson Airport Concessions, LLC CT Corporation System, 1200 S. Pine Island Road, Plantation FL 33324, United States	Inactive company	
Select Service Partner LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America AZA, LLC CT Corporation System, 3800 N Central Avenue, Suite 460, Phoenix AZ 85012, United States	Inactive company	
SSP America BOS, LLC CT Corporation System, 155 Federal Street, Ste 700, Boston MA 02110, United States		60%
SSP America CID, LLC CT Corporation System, 400 E Court Ave, Des Moines IA 50309, United States		90%
SSP America CVG, LLC 306 W Main Street, Suite 512, Frankfort KY 40601 United States	Inactive company	
SSP America DEN, LLC The Corporation Company, 1675 Broadway – Suite 1200, Denver CO 80202, United States	Inactive company	
SSP America DFW, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		
SSP America DFWI, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		90%
SSP America EWR, LLC Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		60%
SSP America Gladco, Inc CT Corporation System, 600 N 2nd Street, Suite 401, Harrisburg, PA 17101-1071, United States		
SSP America GSP, LLC 2 Office Park Court, Suite 103, Columbia SC 29223, United States	Inactive company	
SSP America HOU, LLC 1999 Bryan Street, Suite 900, Dallas TX 75201, United States	Inactive company	
SSP America Houston, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States	Inactive company	
SSP America IAH[20] CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		70.7%

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
SSP America, Inc. CT Corporation System, 818 W 7th Street, Suite 930 Los Angeles, CA 90017, United States		
SSP America IND, LLC 150 West Market Street, Suite 800, Indianapolis, IN 46204, United States	Inactive company	
SSP America JFK, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		82%
SSP America KCGI JFK T7, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		55%
SSP America LAX, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		51%
SSP America LGA, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801 United States		70%
SSP America MCO, LLC CT Corporation System, 515 East Park Avenue, Tallahassee, FL 32301, United States		65%
SSP America MCO II, LLC CT Corporation System, 1200 South Pine Island Road, Plantation, FL 33324, United States	Inactive company	
SSP America MDW, LLC CT Corporation System, 208 SO Lasalle Street, Suite 814, Chicago, IL 60604, United States		51%
SSP America Milwaukee, LLC CT Corporation System 301 S. Bedford Street, Suite 1, Madison WI 53703, United States		61.5%
SSP America Minneapolis, LLC 6121 Excelsior Blvd., Suite 101B, St. Louis Park, MN 55416, United States		51%
SSP America MSN, LLC CT Corporation System 301 S. Bedford Street, Suite 1, Madison WI 53703, United States		90%
SSP America MSP, LLC 1010 Dale Street N, St Paul, MN 55117-5603, United States		80%
SSP America MSY, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America OAK, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		65%
SSP America OKC, LLC 1833 South Morgan Road, Oklahoma City, OK 73128, United States	Inactive company	
SSP America PDX, LLC CT Corporation System, 780 Commercial Street SE, Suite 100, Salem OR 97301, United States		80%
SSP America PHX, LLC 3800 N. Central Avenue, Suite 460, Phoenix, AZ 85012, United States		77.65%
SSP America PHX T3, LLC 3800 N. Central Avenue, Suite 460, Phoenix, AZ 85012, United States		57.65%
SSP America PIE, LLC CT Corporation System, 1200 South Pine Island Road, Plantation, FL 33324, United States		80%
SSP America PVD, LLC 450 Veterans Memorial Parkway, Suite 7A, East Providence RI 02914 United States	Inactive company	
SSP America RDU, LLC CT Corporation System, 160 Mine Lake Court, Suite 200, Raleigh NC 27615-6417, United States		62.8%
SSP America SAN, LLC CT Corporation System, 818 W 7th Street, Ste 930 Los Angeles CA 90017, United States		70%
SSP America SAT, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States	Inactive company	
SSP America SEA, LLC CT Corporation System, 711 Capitol Way S, Ste 204, Olympia, WA 98501-1267, United States		51%
SSP America SEA II, LLC CT Corporation System, 711 Capitol Way S, Ste 204, Olympia, WA 98501-1267, United States	Inactive company	
SSP America Services, Inc, 820 Bear Tavern Road, West Trenton NJ 08628, United States	Management Services company	
SSP America SFO, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		65%
SSP America SFO II, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America SJC, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		55%
SSP America SLC, LLC 1108 East South Union Avenue, Midvale, UT 84047, United States	Inactive company	
SSP America SMF, LLC CT Corporation System, 818 W 7th Street, Ste 930 Los Angeles CA 90017, United States		60%
SSP America SNA, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America Tampa, LLC CT Corporation System,1200 S Pine Island Road, #250, Plantation FL 33324, United States		52%
SSP America Texas, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Holding company	
SSP America Texas, Inc. CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		
SSP America (USA), LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Holding company	[3]
SSP D&B DFW, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States		60%
SSP Four Peaks PHX, LLC CT Corporation System, 3800 N Central Avenue, Suite 460, Phoenix AZ 85012, United States		69.885%[19]
SSP Hudson SAT, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States	Inactive company	

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

44. Group companies continued

Part B – Associates

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Belgium		
Railrest SA[6] Rue De France 95, Be-1070 Brussels, Belgium		49%
Cyprus		
Cyprus Airports (F&B) Limited Larnaca International Airport, 6650, Larnaca, Cyprus		29.988%[9]
Denmark		
Motorvejscenterselskabet af 1990 A/S c/o Circle K Danmark A/S, Borgmester Christiansens Gade 50, 2450 København SV		50%[2]
France		
Epigo SAS Continental Square I, Batiment Uranus, 3 place de Londres, Aeroport Paris-Charles de Gaulle, 93290, Tremblay-en-France, France		50%[2]
Epigo Présidence Sarl Continental Square I, Batiment Uranus, 3 place de Londres, Aeroport Paris-Charles de Gaulle, 93290, Tremblay-en-France, France	Management Services company	50%[2]
India		
FLFL Travel Retail Bhubaneswar Private Limited[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
FLFL Travel Retail Guwahati Private Limited[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
FLFL Travel Retail Lucknow Private Limited[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
FLFL Travel Retail West Private Limited[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
Muffin Design Solutions Private Limited No F-7 NVT Arcot Vaksanna Sarjapur, Attibelle Road, Sariapur, Bangalore, KA 562125, India	Design and architectural services	25%
Travel Food Works Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		49%[2]
Travel Retail Services Private Limited Block A, South Wing, 1st floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018 India		44.1%[2,13]
Qatar		
Qatar Airways SSP LLC[5] Second Floor, Building No: 272, Street No. 310, Al-Matar St., Area No. 45, P.O Box: 47644, Doha		49%
United States of America		
Midway Partnership, LLC[6] CT Corporation System, 208 SO Lasalle Street, Suite 814, Chicago, IL 60604, United States		50%[2,18]
SSP America BTR, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		51%[2]
SSP Hudson Pie Concessions, LLC Corporation Service Company, 1201 Hays Street, Tallahassee, FL 32301		50%[2]

Part C – Other Investments

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
India		
KCorp Charitable Foundation[22] Shop 1, Floor G, Rashid Mansion, Dr., Annie Besant Road, Lotus Junction, Worli, MUMBAI Maharashtra 400018 India		50%[2]

Notes

* Ordinary shares includes references to equivalent in other jurisdictions.
1 SSP has control over the relevant activities of these entities including establishing budgets and operating plans, appointment of key management personnel and ongoing review of performance and reporting procedures, and as such meets the consolidation requirements of IFRS 10 'Consolidated Financial Statements'.
2 SSP does not have control as defined by IFRS 10 'Consolidated Financial Statements'.
3 Includes 100% of preference shares.
4 Holding held directly by the Company.
5 This undertaking has a 31 March year end.
6 These undertakings have a 31 December year end.
7 100% of the shares are held by Select Service Partner Co. Limited (Thailand).
8 50% of the shares are held by Select Service Partner Philippines Corporation.
9 49.98% of the shares are held by SSP Louis Airports Restaurants Limited.
10 100% of the shares are held by Travel Food Services Private Ltd.
11 60% of the shares are held by Travel Food Services Private Ltd.
12 49% of the shares are held by Travel Food Services Global Private Ltd.
13 90% of the shares are held by Travel Food Works Private Ltd.
14 49% of the shares are held by Travel Retail Services Private Ltd.
15 44.4% of the shares are held by Travel Food Services Private Ltd.
16 91% of the shares are held by the other shareholder as bare nominee.
17 100% of the shares are held by SSP America RDU, LLC.
18 50% of the Class A shares are held by SSP America, Inc.
19 90% of the shares are held by SSP America PHX, LLC.
20 The principal place of business of the unincorporated entities in the USA is 20408 Bashan Drive, Suite 300, Ashburn, VA 20147, USA.
21 2% of the shares are held by the other shareholder as bare nominee.
22 This company has no share capital but it has corporate members which include Travel Food Services Private Ltd, Travel Food Services Chennai Private Ltd, Travel Food Services Kolkata Private Ltd, Travel Food Services (Delhi) Private Ltd and Travel Retail Services Private Ltd.
23 This company has changed its name to Procurement 2U Limited effective 23 October 2020.

COMPANY INFORMATION

Forward-looking statements

These reports and financial statements contain certain forward-looking statements which are subject to assumptions, risks and uncertainties, and actual future results may differ materially from those expressed in, or implied in such statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report, and will not be updated during the year. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding the current intentions, beliefs or expectations of the Directors, the Company or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Company and the industry in which it operates. In particular, the statements regarding the Group's strategy and other future events or prospects are forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

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Recruitment
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