SSP

The Food Travel Experts

SSP Group plc annual report and accounts 2014

Strategic report

About us

SSP is a leading operator of food and beverage outlets in travel locations across 29 countries in the United Kingdom, Europe, North America, Asia Pacific and the Middle East. We operate a broad range of outlets from quick service to fine dining and serve, on average, one million customers daily. SSP's clients are typically the owners and operators of airports and railway stations.

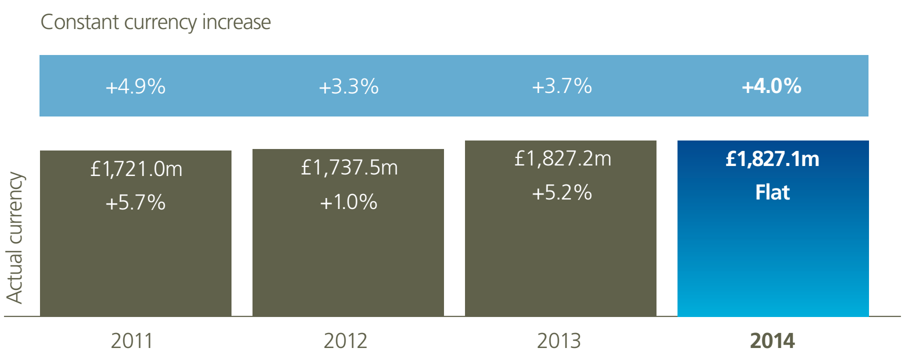
Contents

Highlights

Revenue

£1,827.1m

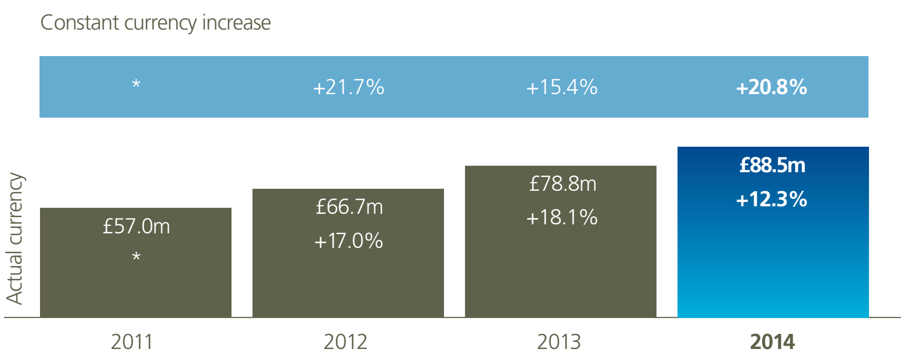
+4.0%
(constant currency)



Underlying operating profit†

£88.5m

+20.8%
(constant currency)



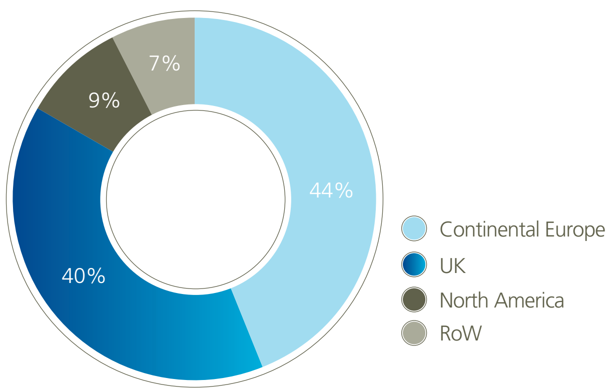
† Underlying operating profit excludes exceptional items and amortisation of acquisition-related intangible assets.
* Not provided as not directly comparable following the Group's transition from UK GAAP to IFRS from 2011.

SSP at a glance

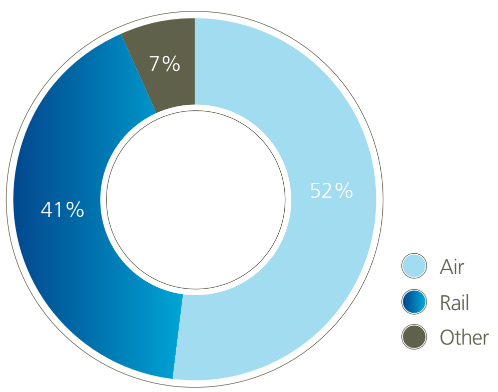
Our scale

29 countries
c.2,000 units
c.600 sites
c.30,000 employees
c.1m customers daily

2014 revenue by geography %



2014 revenue by channel %



Our proposition

Our proposition is 'The Food Travel Experts', providing a wide range of quality food and beverage products to a broad variety of customers in the travel environment. This proposition is founded on a deep understanding of our diverse customer base; insight into food and beverage trends; an extensive range of brands and concepts; and expertise in successfully operating food and beverage outlets in operationally demanding, high-volume travel locations. Our clients predominantly operate airports and railway stations and we work in partnership with them to provide the appropriate outlets for each of their locations.

Our brands

We operate more than 300 brands globally through an extensive portfolio of c.2,000 outlets including coffee shops, sandwich bars, bakeries, casual and fine dining restaurants and food convenience/ retail outlets. We have a broad portfolio of international and local proprietary brands tailored specifically to the travel environment, and bespoke concepts which have been created by SSP in collaboration with clients, brand partners and leading chefs. We also operate a wide variety of well-known international brands, such as Starbucks, Burger King and M&S Simply Food.

Strategic report

Chairman's statement

"This year has been one of change for SSP with the successful completion of our IPO. Our performance throughout the year has been encouraging and we continue to grow strongly."

Vagn Sørensen, Chairman

I am pleased to be able to report a good performance across the Group during the last year. Furthermore, this performance has been delivered against the backdrop of achieving a successful listing on the London Stock Exchange in July, and managing the transition from being privately owned by EQT Partners to becoming a FTSE 250 plc.

The Group made progress in the implementation of its strategy, and we have continued to invest in the business around the world, supported by our strong cash flow and our balance sheet which was significantly strengthened during the year. We delivered good sales growth in all geographies with total sales up 4.0%, and achieved a strong profit performance with underlying operating profit up 20.8% (on a constant currency basis). Full year operating profit was £40.0m, after exceptional costs which principally related to the IPO.

A dividend has not been proposed in respect of the 2014 financial year. As signalled at the time of the IPO, in the absence of unforeseen circumstances, the current intention of the Board is that the first dividend to be declared by the Company will be in respect of the six months ending 31 March 2015. If declared, this dividend would be paid during the second half of the 2015 financial year.

The principles of sustainability have been important to SSP for many years and I am pleased to report good progress in many areas of our programme, including the installation of new LED lighting to improve energy efficiency, and a further extension of our sustainable sourcing strategy which sees the majority of the coffee used in our European business now coming from Rainforest Alliance certified sources. I am also proud of the fact that 663 apprentices started their careers in the food and beverage industry with SSP this year, including young people from deprived backgrounds as part of our partnership with The Prince's Trust.

There have been a number of changes to the Board during the year. Three new Independent Non-Executive Directors joined during the year: John Barton (as Senior Independent Director); Denis Hennequin; and Ian Dyson. They bring with them a wealth of experience in the food and beverage, retail, travel and leisure industries. My colleagues and I are very pleased to be working with them as we enter a new era for SSP as a listed company.

Finally my thanks go to all of our staff across the Group; without their commitment and hard work and the support and dedication of their management teams, we could not have achieved these results.

I believe that we can look forward with real confidence. The Group's strong profit performance and cash generation, combined with a strengthened balance sheet and a very clear strategy mean that it is well placed to benefit from the underlying positive trends in the marketplace.

Vagn Sørensen
Chairman

26 November 2014

Chief Executive's statement

"The Group delivered good profit growth with underlying operating profit up 20.8%. Our focus is on creating value for our shareholders by delivering the best possible offer for our clients and customers."

Kate Swann, Chief Executive Officer

This year, we delivered a good set of financial results driven by the early implementation of our strategy. We made solid progress in all regions and are particularly encouraged by the strong growth in North America and Asia Pacific.

The Group delivered good profit growth on all measures, with underlying operating profit increasing by 20.8% on a constant currency basis and by 12.3% to £88.5m at actual exchange rates. Our underlying operating margin increased by 0.5% to 4.8%, benefiting from higher gross margins and improved operational efficiency. This reflects the good early progress made in embedding stronger retail disciplines across the business and leveraging Group-wide best practice and international scale.

Revenue increased by 4.0% on a constant currency basis. At actual exchange rates, given the strengthening of Sterling during the year, total revenue was unchanged at £1,827.1m. Like-for-like sales grew by 3.3%, with strong performances in the UK, North America and Asia Pacific, albeit trading conditions were more challenging in France, Germany and Egypt. Net contract gains were 0.7%, driven by growth in North America from new contract wins.

We generated healthy cash flow, providing a platform for continued re-investment in the business as well as enabling a further reduction in leverage. Underlying operating cash flow increased by 24.3% to £83.3m, and we continued to invest across the Group, particularly in North America and the Rest of the World, with capital expenditure of £76.0m. We have significantly strengthened our balance sheet during the year, with year-end net debt down to £371.1m, reflecting both the proceeds received from the IPO and our strong operating cash flow.

During the year, we made good progress in terms of new business. We opened 48 net new units, including a substantial opening programme in North America. We have also renewed a number of key contracts in various locations across the globe. In addition, we have secured a number of significant new contracts including at Beijing, Dubai, Sacremento and Stansted airports. Some of these new units will be with new brands and new partners for SSP, as we continue to develop our portfolio of brands and concepts further.

Looking ahead, the long-term outlook for passenger growth in the travel sector remains healthy, and the Group's strong cash generation and balance sheet mean that it is well placed to deliver continued growth.

Kate Swann
Chief Executive Officer

26 November 2014

Strategic report

Our business model

Our business model is focused on meeting the food and beverage needs of our clients and customers in the complex and challenging travel environment. We are able to achieve this through a combination of international scale and local expertise. Our proposition to clients is 'The Food Travel Experts', and is founded on a deep understanding of our diverse customer base and insight into food and beverage trends; an extensive range of brands and concepts; and expertise in successfully operating food and beverage outlets in operationally demanding, high-volume travel locations. This proposition has helped us to achieve our leading market position and to retain our clients over the long term, and will provide a strong platform for profitable growth in the future.

Our business model is founded on five key elements:

1 Leading market positions

We occupy leading positions in some of the most attractive sectors and regions of the travel food and beverage market. Those sectors and regions have a number of long-term structural growth drivers, such as increasing passenger volumes and rising spend per passenger, which are supported by airport and railway station operators increasingly seeking to commercialise their sites.

2 Local insight and international scale

We combine local insight of markets and customers with 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. Our international reach enables us to benefit from economies of scale, such as in procurement and corporate functions and systems, as well as being able to share best practice across regions, countries and sites.

3 Food travel expertise

We provide a compelling proposition for both clients and customers based on our food travel expertise, which includes a deep understanding of customers' food and beverage needs, an extensive range of brands and concepts with a track record of innovation, and operational expertise in logistically demanding travel environments.

4 Long-term client relationships

We can demonstrate an ability to win, build and maintain strong, profitable long-term client relationships. We have longstanding relationships with a number of our clients, and have maintained high success rates in retaining our contracts.

5 Experienced management team

Our senior management team is very experienced, and is supported by high quality local management. They have substantial expertise within the travel food and beverage market and broader retail industry.

Our marketplace

Our business operations are almost exclusively in the travel food and beverage market. These operations are managed on a regional basis, and are primarily focused on the airport and railway station markets. During 2014, 52% of our revenues were generated in the air sector and 41% in the rail sector.

We estimate that our core market (comprising food and beverage sales in airports and railway stations) was valued at approximately £13.8bn in 2013*. The travel food and beverage market is highly fragmented with the top three players (of which we are one) accounting for approximately 29% of the global market (on the basis of this valuation).

The air and rail food and beverage markets benefit from a number of long-term structural growth drivers:

- The increasing propensity to travel, driven by increasing GDP and disposable incomes;
- On-going trends towards eating out of home and eating on the move; and
- Investment in travel infrastructure, with increasing focus on the provision of food and beverage offerings in travel hubs to drive additional commercial revenue streams.

Market valued at £13.8bn* in 2013

Air

Global air passenger numbers have more than doubled over a 20-year period, reaching 5.5bn by 2012, with an average annual growth rate of 4.7%. Historically, this long-run growth in passenger numbers has been resilient, even in the face of major events that have impacted air travel, such as 9/11 or the SARS virus. Airport Council International ('ACI') expects air passenger volumes to double again in the next two decades, with an average annual growth rate of 4.1% expected for the period 2012 to 2031.

This growth is underpinned by a number of factors, including: rising disposable incomes (particularly in the developing markets, driven by the emergence of a more affluent middle class); the increasing globalisation of business; investment in airline capacity, in particular by low-cost carriers which have driven prices down and stimulated demand; and investment in airport infrastructure, most notably in developing markets.

As a consequence, growth in passenger numbers is forecast over the medium term in all our geographic markets, with annual increases expected to be strongest in the Asia Pacific region (6.7%) and Middle East and Africa (5.5%). However, passenger growth is also anticipated in our major geographies of Europe (3.4%) and North America (2.3%).

Furthermore, spend per passenger has been boosted by a number of specific factors, including the rapid development of the low-cost airlines, which have limited provision of food and beverage for passengers, and the scaling back of on-board catering services by the major flagship carriers.

Rail

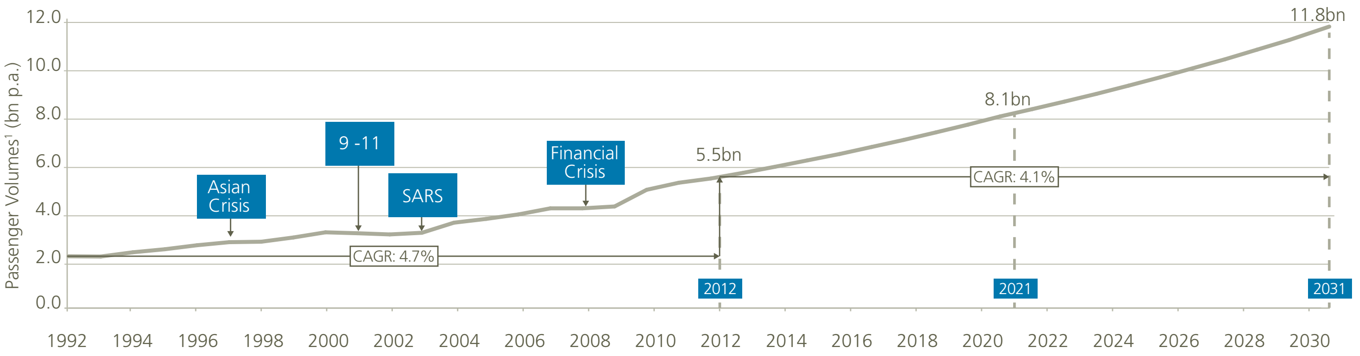
Rail passenger numbers in the European market were estimated to be approximately 10.7bn* in 2013 and have increased at an average annual rate ranging from 1.7% to 3.6% in the decade to 2013 in our key European rail markets (i.e. UK, France, Germany and Sweden). Growth in passenger numbers is forecast to continue in the medium term, rising at between 1.6% and 1.8% in these markets.

The key driver of this growth is expected to be further investment in rail infrastructure by European governments, alongside various policies to encourage passengers to switch from road transport to rail in order to reduce road congestion and to address environmental concerns. As a consequence, significant expansion of rail track is planned across Europe, including the completion of major high speed rail lines which are expected to increase capacity to 16,000 km by 2020 (an additional 5,000 km compared with 2011). In addition, investment in new train capacity and the replacement of existing train fleets is planned, which is expected to drive an increase in passenger numbers.

Outlook

Whilst a degree of uncertainty always exists around the short-term outlook, in the longer term we remain confident that we will continue to see growth in passenger numbers in both the air and rail markets. This trend should be fuelled by continued increases in disposable income in developing markets, together with further investment in travel infrastructure and capacity.

*Company estimate based on third-party market research commissioned for the SSP IPO (March 2014).



Source air: World Bank Development Indicators (WDI), ACI Global Traffic Forecast. 1Global data from WDI for 1992-2011 indexed with respect to 2012 ACI data. Projected growth rates based on ACI forecasts.
Source rail: Euromonitor; 2010-2020 CAGR based on EU Energy Trends Report.

Strategic report

Our strategy

Our strategy is focused on creating long-term sustainable value for our shareholders, delivered through five key levers. We have made progress on each of these levers in the year:

1 Driving our like-for-like sales growth

We operate in the travel food and beverage market, which has a number of long-term structural growth drivers, such as increasing passenger numbers, and we aim to capitalise on this underlying momentum by using our retail skills to drive profitable like-for-like sales growth. We saw solid sales growth in all of our major regions during the year, including strong growth in North America and Asia Pacific. Our increased focus on 'retail basics', including enhancing the customer offer through range management, merchandising, menu composition, pricing and promotions, is showing encouraging early progress.

2 Growing profitable new space

Net contract gains contributed 0.7% to sales growth during the year. We opened 48 net new units during the year, which included a substantial opening programme in North America, notably at Phoenix and JFK airports.

The Group maintained its good track record of contract retention, securing the renewals of a number of important contracts, including those at Newcastle, Athens and Lyon airports. We also made progress in terms of business development, winning new contracts at Beijing, Dubai, Sacramento and Stansted airports.

Our contract wins and renewals were supported by the further enhancements we made to our brand and concept portfolio in the year. New partnerships have been secured, for example, with the global media brand CNN, and new concepts have been developed with a number of partners, for example James Martin, the popular British chef. We also strengthened our existing partnerships with a number of major brands, including introducing new and innovative versions of tried and tested brands such as 'YO! To Go' and 'M&S Food to Go', and extending our international agreement with Starbucks for a further five years.

3 Optimising gross margins

Gross margin improved by 10 basis points, as we seek to maximise the opportunities that being a large international organisation presents. These opportunities relate not only to procurement, where we will continue to focus on simplification and rationalisation of recipes and ranges as we move increasingly from local to global purchasing deals, but also to the sharing of best practice across geographies, with a focus on investing in new point of sale and stock management systems to reduce waste and losses.

4 Running an efficient and effective organisation

We aim to manage the business efficiently and effectively, maintaining the highest standards of operational execution. During the last 12 months we delivered material improvements in our efficiency, with a broad range of initiatives contributing to a 50 basis point operating margin improvement. As well as initiating projects in several countries aimed at improving our labour scheduling, we have continued to review overheads, including through the relocation of our Group head office and the increasing use of shared services across the business. During the year, we incurred exceptional redundancy and other restructuring costs of £9.5m in connection with this. We are increasingly using technology to reduce other local overheads, including through employing digital technology to capture customer feedback and the use of 'smartsafes' to more efficiently count cash at our larger locations.

5 Optimising investment

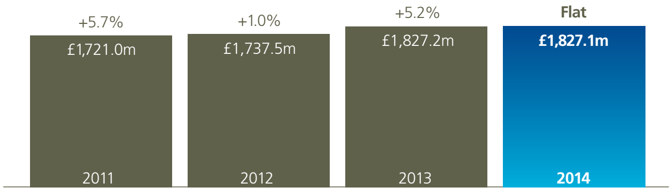
The final lever of our strategy is to put in place processes and resources to ensure that we optimise our returns on investments, utilising our global experience and adhering to best practice so that we procure more effectively and make better decisions. With this objective in mind, we have reinforced our central team during the year to provide stronger commercial support to the business, with the appointment of new senior managers with responsibility for Group-wide Marketing, Brands and Concepts, and Capital Projects. We have also invested in our systems to enable more effective benchmarking and sharing of information to facilitate more effective decision-making.

Key performance indicators

Revenue (actual currency)

£1,827.1m

2013: £1,827.2m



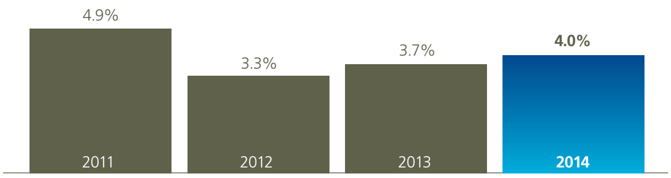
Definition
Revenue represents amounts for catering and retail goods and services sold to customers excluding value added tax and similar items.

Comment
Total revenue of £1,827.1m in 2014 was unchanged compared to the prior year (at actual exchange rates).

Year-on-year revenue growth (constant currency)

4.0%

2013: 3.7%



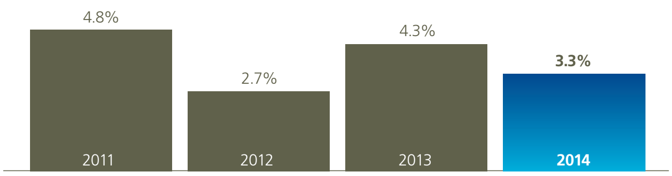
Definition
Revenue at constant currency eliminates the impact of foreign exchange rates on reported revenue. Constant currency is based on 2013 exchange rates weighted over the year by 2014 results.

Comment
Revenue increased by 4.0% in 2014 on a constant currency basis, comprising like-for-like growth of 3.3% and net contract gains of 0.7%.

Like-for-like sales increase

3.3%

2013: 4.3%



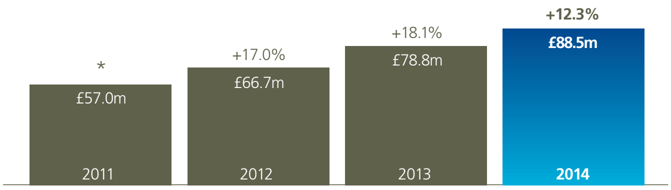
Definition
Like-for-like sales represent revenues generated in an equivalent period in each financial year in outlets which have been open for a minimum of 12 months and occupy a similar sales area.

Comment
Like-for-like sales increased by 3.3% in 2014, benefiting from strong growth in the UK, North America and Asia Pacific, with trading conditions more challenging in Continental Europe, most notably in France and Germany, and in Egypt.

Underlying operating profit

£88.5m

2013: £78.8m



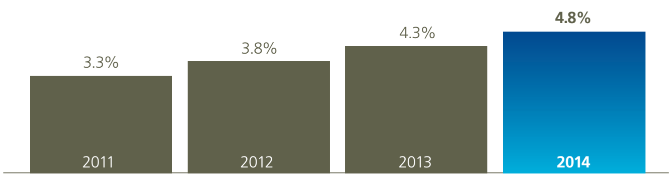
Definition
Underlying operating profit represents revenue less operating costs excluding exceptional items and amortisation of acquisition-related intangible assets.

Comment
Underlying operating profit increased by 20.8% in 2014 on a constant currency basis, and by 12.3% at actual exchange rates, to £88.5m.

Underlying operating profit margin

4.8%

2013: 4.3%



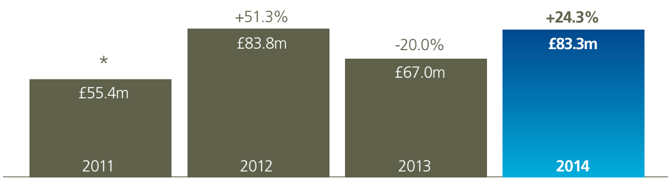
Definition
Underlying operating profit margin represents underlying operating profit as a percentage of revenue.

Comment
Underlying operating profit margin increased by 50 basis points to 4.8%, driven primarily by further year-on-year improvements in operational efficiency.

Underlying operating cash flow

£83.3m

2013: £67.0m



Definition
Underlying operating cash flow represents net cash flow from operations after capital expenditure (net), tax and cash flow to and from minorities and associates. It excludes exceptional costs.

Comment
Underlying operating cash flow was £83.3m, an increase of 24.3% compared to the prior year. The principal driver of this year-on-year improvement was the strong growth in underlying trading profits, and was further boosted by improved working capital generation during the year.

* Not provided as not directly comparable following the Group's transition from UK GAAP to IFRS from 2011.

Strategic report

Risk management and principal risks

The Board has overall responsibility for our system of internal controls and risk management policies and is also responsible for reviewing their effectiveness. The role of management is to implement the Board's policies on risk and control and provide assurance on compliance with these policies. The Board has established processes to meet the expectations of the UK Corporate Governance Code and those of a premium listed company. These processes include having clear lines of responsibility, documented levels of delegated authority and appropriate operating procedures. We recognise that the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. They can only provide reasonable and not absolute assurance against material errors, losses, fraud or breaches of law and regulations.

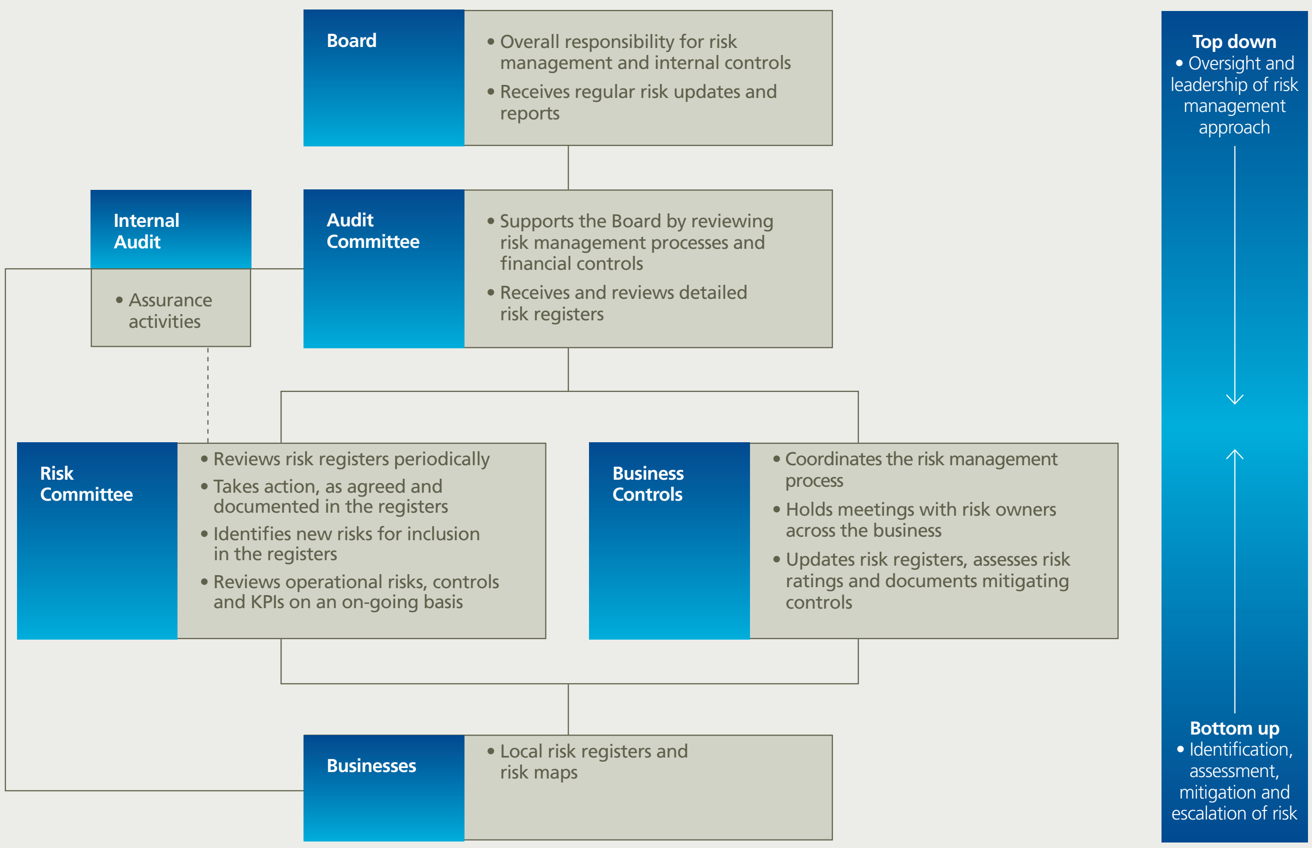
The Audit Committee supports the Board in the performance of its responsibilities by reviewing those procedures that relate to risk management processes and financial controls. The assessment of controls and risk management processes provides a reasonable basis for the Board to make proper judgements on an on-going 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 in which risk management and internal control processes have been applied, including from its review of the reports of the internal and external auditors.

The Board has delegated risk management responsibility to the Risk Committee which operates under the oversight of the Audit Committee. The Risk Committee is not a Board committee and is made up of executives only. It meets quarterly and reports to the Audit Committee. The Committee is chaired by the Chief Financial Officer and comprises the Group General Counsel, the Group Financial Controller, the Group Finance Manager, Director of Business Controls, senior representatives from Deloitte LLP, who acts as internal auditor to the Group, and other key personnel by invitation.

Steps are continuously being taken 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.

The Group's risk management framework



Internal controls framework

Regional and country management 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 2014, the Directors reviewed the effectiveness of the Group's system of controls, risk management and high level internal control processes. These reviews included an assessment of internal controls, in particular operational and compliance controls and their effectiveness, supported by reports from the internal auditor, as well as the external auditor on matters identified in the course of its statutory audit work.

The Audit Committee supports the Board by regularly reviewing the effectiveness of the Group's system of internal control.

There were no changes to the Group's internal control over financial reporting that occurred during the year ended 30 September 2014 that have materially affected, or are reasonably likely to materially affect, the Group's reported financial position.

The key elements of the internal control environment in relation to the financial reporting process are as follows:

- review of the Group's strategic plans and objectives by the Board on an annual basis;
- a detailed budget is produced annually in accordance with our financial processes and reviewed and approved by the Board. Operational reports are provided to Executive Management on a weekly and monthly basis and performance against the budget is kept under regular review in accordance with the Group's financial procedures manual. The Chief Executive reports to the Board on performance and key issues as they arise;
- the Audit Committee assists the Board in the discharge of its duties regarding the Company's financial statements, accounting policies and maintenance of proper internal business, operational and financial controls. The Committee provides a direct link between the Board and the internal and external auditors through regular meetings;
- the Board has formal procedures in place for approval of client contracts, capital investment and acquisition projects, with clearly designated levels of authority, supported by post investment review processes for selected acquisitions and capital expenditure;
- each country is required to submit a Controls Self-Assessment confirmation to verify its compliance with the controls set over core processes. This must be signed off by senior management before being submitted to Group;
- the Board considers social, environmental and ethical matters in relation to the Group's business and assesses these when reviewing the risks faced by the Group; further information regarding environmental and ethical matters is available on pages 17 to 19; and
- the Group has established and rolled out a Code of Conduct, Whistleblowing Policy and Anti-Bribery Policy which is refreshed on an on-going basis. Training has been provided to the Board and to the senior management covering the obligations and behaviours of the UK listed company, compliance, insider dealing and market abuse. Anti-Bribery training for all applicable staff levels has been rolled out.

Risk management framework

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

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process was in place throughout 2014 and up to the date of approval of this annual report and meets the requirements of the guidance produced by the Financial Reporting Council. The Audit Committee has kept under review the effectiveness of the system of internal control 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 maintains country and regional risk registers. A top down Group risk register is maintained covering risks to the overall Group. Risks are evaluated in respect of their potential impact and likelihood. The regional/country registers, covering the assessment of risk as well as current and future mitigation activities, are discussed at the Executive Committee and key risks are presented to the Risk Committee and the Audit Committee;
- the Board discusses and agrees the principal risks that are included in the annual report; and
- a risk management action plan is put in place to further enhance the Group's risk management capability.

Strategic report

Risk management and principal risks continued

The following table summarises the principal risks and uncertainties to which the Group is exposed, and the actions taken to mitigate those risks and uncertainties:

	Risks	Mitigating Factors
Strategic		
Business environment	The Group operates in the travel environment where factors such as the general economic climate, levels of disposable income, weather, changing demographics and travel patterns could all impact both passenger numbers and consumer spending.	The Group monitors the performance of individual business units and markets regularly. The executive management team reviews detailed weekly and monthly information covering a range of KPIs, and monitors progress on key strategic projects. Specific short and medium-term actions are taken to address any trading performance issues which are monitored on an on-going basis. The Group also conducts extensive customer research to understand current levels of customer satisfaction and gathers feedback on changing consumer requirements.
Strategic development	The Group's strategy involves expanding its business in developing markets, including regions of Asia Pacific and the Middle East. Political, economic and legal systems and conditions in these countries are generally less predictable than in countries with more developed institutional structures, subjecting the Group to additional reputational, legal and compliance risks of doing business in such economies.	The Group has clearly defined appraisal processes and authorisation procedures for all investment expenditure to ensure that it is consistent with the objectives set by the Board, and fully considers and evaluates the risks inherent in expansion into new locations and territories. The Group prioritises its investment in new contracts as part of the on-going review of its global pipeline, and the prioritisation of its capital investment and resourcing. The Group works with in-house and external advisors to ensure risks of doing business in developing markets are identified and where possible mitigated before entering those markets.
Brand portfolio	The Group's success is dependent in large part upon its ability to maintain its portfolio of proprietary brands as well as the brands of its franchisors, and the appeal of those brands for clients and customers. The loss of any significant partner brands, the inability to obtain rights to new brands over time or the diminution in the 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 Group carries out extensive customer research into passengers' needs and continually analyses market trends in order to enhance its brand and concept portfolio on an on-going basis. The Group has a dedicated brands team to work with its partner brands on a day-to-day basis, including Starbucks, Burger King and M&S Simply Food, as well as other international, national and local brands.
Client relationships	The Group's operations are dependent on the terms of airport and railway station concession agreements and on its ability to retain existing concession contracts and win new contracts either from its existing or new clients. The Group's clients may turn to alternative operators, cease operations, terminate contracts with the Group or increase pricing pressure on the Group. Changing client requirements, such as splitting tenders across two or more providers, favouring local brand operators or partnering directly with brand owners, may also adversely affect the Group's business.	The Group's local management structures in all its major geographies allow it to maintain strong relationships with its clients and monitor performance in close partnership with its clients' management teams. As a consequence, the Group has a strong record of contract renewal and longstanding client partnerships, with the average relationship length being 27 years across its 10 largest clients. The Group has an annual online and interview-based client survey to ensure any concerns are being addressed. Furthermore, the Group proactively seeks to invest in, extend and enhance its offers in its key locations, working in conjunction with its clients.

	Risks	Mitigating Factors
Operational		
Business interruption	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.	SSP has business continuity plans in place including liaison with authorities and landlords in key locations to ensure that contingency plans are in place. The Group also has comprehensive insurance at both global and local levels with leading insurers to cover, among other things, property damage, business interruption, public and product liability, employer's liability, workers' compensation, Directors' and Officers' liability, motor and other cover as required by local laws and regulations. This cover is reviewed on an annual basis.
Supply chain	SSP has agreements in place with key suppliers across the world. The interruption or loss of supply of core category products from these suppliers to our units may affect our ability to trade, whilst quality of supply issues may also impact the Group's reputation and its ability to trade.	The Group conducts risk assessments of all of its key suppliers to identify alternatives and develop contingency plans in the event that any of these key suppliers fail. The Group has contractual and other relationships with numerous third parties in support of its business activities. None of these arrangements are individually considered to be essential to the business continuity of the Group.
Food commodity price inflation	A substantial element of the Group's cost base comprises food and drink products and raw materials. As such, the profitability of the Group's contracts will depend on its management of its cost of goods, which also determines its ability to offer competitive pricing to its customers while maintaining sufficient margins.	The Group seeks to manage cost inflation through: pricing reviews; menu management to substitute ingredients in response to any forecast shortages and cost increases; and continuing to drive greater purchasing efficiencies through supplier negotiations, rationalisation and compliance.
Key personnel	The performance of SSP depends on its ability to attract, motivate and retain key employees. The skills developed in our business are highly attractive to other companies, who regularly target them for recruitment.	The Group Remuneration Committee monitors the levels of remuneration for senior management and seeks to ensure that they are designed to attract, retain and motivate the key personnel to run the Group effectively.
Technology and infrastructure systems	The failure of key operational IT systems could cause interruption to the trading of the business. Advances in technologies or alternative methods of delivery, including advances in vending technology, mobile payments, digital marketing and customer loyalty programmes, could have a negative effect on the Group's business if the Group is not able to respond adequately to these technological challenges.	The Group's IT systems receive on-going investment to ensure that they are able to respond to the needs of the business. Back-up facilities and contingency plans are in place and are tested regularly to ensure that business interruptions are minimised and that data is protected from corruption or unauthorised use. All IT programmes of any significance are authorised and overseen by the Chief Information Officer and project managed using well-recognised development methodologies and protocols.
Data protection	The Group is required to comply with applicable data protection laws and regulations in many of the jurisdictions in which it operates, including by notifying, updating and/or continually working with many regulators in the event of a breach of applicable data protection laws and regulations. In certain jurisdictions where the Group accepts debit and/or credit cards at its outlets, it is becoming increasingly important to demonstrate that the Group is managing data security risks effectively and is in compliance with Payment Card Industry Data Security Standards ('PCIDSS'). Weakness in the Group's data security controls could result in an unlawful use of card data, and the Group could face significant penalties and remediation costs, as well as material damage to its reputation.	The Group has a well-developed PCIDSS compliance programme which covers relevant geographies, using a risk-based approach. It is advised on this by specialist third-party consultants. Its core systems infrastructure, which operates in almost all major territories, is designed to meet PCIDSS requirements.

Strategic report

Risk management and principal risks continued

	Risks	Mitigating Factors
Financial		
Interest rate risk	The Group is exposed to fluctuations in interest rates on its loan balances.	The Group maintains a balance of fixed and floating rate debt so that the risks associated with increases in interest rates are mitigated through the use of interest rate swaps.
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 principal currencies of operation are Sterling, the Euro, the US Dollar, the Swedish Krona and the Norwegian Krone. The Group is subject to currency exchange risk including translation risk and economic risk.	The Group's policy in managing this financial currency risk is to use foreign currency denominated borrowings to ensure interest costs arise in currencies which reflect the operating cash flows, thereby minimising net cash flows in foreign currencies.
Liquidity and debt covenants	The Group needs continuous access to funding in order to meet its trading obligations and to support investments. There is a risk that the Group may be unable to obtain the necessary funds when required or that such funds will only be available on unfavourable terms. The Group's borrowing facilities include a requirement to comply with certain specified covenants in relation to the level of net debt and interest cover. A breach of these covenants could result in the Group's borrowings becoming repayable immediately.	The Group has put in place long-term borrowings in various currencies to meet its demand for funds. In addition, the Group has access to a revolving credit facility should such demands arise on short notice. The Group's treasury department maintains an appropriate level of funds and facilities to meet each year's planned funding requirement. Compliance with the Group's biannual debt covenant is monitored on a monthly basis based on the management accounts. Sensitivity analysis using various scenarios is applied to forecasts to assess their impact on covenants.
Legal and Regulatory		
Compliance	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, food safety, labour, employment, immigration, security and safety, health and safety, competition and antitrust, consumer protection (including data protection), environment, licensing requirements and related compliance. The Group is also required to comply with applicable data protection laws and regulations in many of the jurisdictions in which it operates. As a UK company, the Group is required to comply with the provisions of the UK Bribery Act as well as the local anti-bribery and anti-corruption laws in the territories in which it operates.	The Group has processes in place to ensure compliance with local laws and regulations. Depending on the nature of complexity in a country, the Group may obtain external advice to supplement the in-house legal and compliance team. The Group has a Code of Conduct and Anti-Bribery and Anti-Corruption Policy in place and anti-bribery training has been rolled out internationally. The Group's procedures under the Policy include regular reporting by the businesses into the Risk Committee. Compliance is monitored by Internal Audit and the Risk Committee on an on-going basis and all alleged breaches of the Code and Policy are investigated.
Food safety	The preparation of food and the maintenance of the Group's supply chain require a base level of hygiene, temperature maintenance and traceability, and expose the Group to possible food safety liability claims and issues, such as the risk of food poisoning.	The Group has food safety controls and procedures in place that are embedded in the Group's operations. These are monitored by country management teams on a regular basis and appropriate action is taken if any issues are identified. Training sessions are also held in country to ensure compliance with these procedures.
Labour laws and unions	Approximately 35% of the Group's employees are subject to collective bargaining agreements, principally in France, Germany, Spain, Denmark, Finland, Norway, Sweden and the United States. The Group is also subject to minimum wage requirements and mandatory health care subsidisation in some of the jurisdictions in which it operates, notably the United States, the United Kingdom and China.	The Group works proactively as union contracts and collective bargaining agreements expire or are re-negotiated from time to time to put in place measures to minimise the risk of less favourable terms to the Group.

Financial review

"Our financial performance has been good across all regions during the year. Furthermore, the IPO, together with our cash generation, has significantly strengthened our balance sheet."

Jonathan Davies, Chief Financial Officer

Group performance

	2014 £m	2013 £m	Change Reported	Change Constant Currency	Change LFL
Revenue	**1,827.1**	1,827.2	Flat	+4.0%	+3.3%
Underlying operating profit	**88.5**	78.8	+12.3%	+20.8%	
Underlying operating margin	**4.8%**	4.3%	+50bps		

Revenue

Revenue increased by 4.0% on a constant currency basis, comprising like-for-like growth of 3.3% and net contract gains of 0.7%. At actual exchange rates, total revenue of £1,827.1m was unchanged compared to the prior year.

Like-for-like sales continued to benefit from strong growth in the UK, North America and Asia Pacific, with trading conditions more challenging in Continental Europe, most notably in France and Germany. In addition, the impact on tourism of the political situation in Egypt adversely affected revenue. Net contract gains were driven by a strong contribution from North America, particularly during the first half year.

Underlying operating profit

Underlying operating profit increased by 20.8% on a constant currency basis, and by 12.3% at actual exchange rates, to £88.5m. Underlying operating profit margin increased by 50 basis points to 4.8%, driven primarily by further year-on-year improvements in operational efficiency.

Operating profit

Operating profit was £40.0m reflecting adjustments comprising amortisation of acquisition-related intangible assets (£5.3m), redundancy and restructuring costs (£9.5m) and costs in respect of the Initial Public Offering (IPO), (£33.7m).

Regional performance

UK

	2014 £m	2013 £m	Change Reported	Change Constant Currency	Change LFL
Revenue	**720.5**	709.0	+1.6%	+1.9%	+4.1%
Underlying operating profit	**40.0**	34.3	+16.6%	+17.2%	
Underlying operating margin	**5.6%**	4.8%	+80bps		

Revenue increased by 1.9% on a constant currency basis, comprising like-for-like growth of 4.1% and net contract losses of 2.2%. Like-for-like growth was particularly strong in the air sector, helped by the continued growth in UK airport passenger numbers over the last 12 months. The net contract losses were primarily a consequence of the loss of an on-board rail contract during the year, together with the effect of the closure of a number of loss-making or marginally profitable units.

Underlying operating profit for the UK increased by 17.2% at constant currency and 16.6% at actual exchange rates to £40.0m, while underlying operating margin increased by 80 basis points to 5.6%. As our largest business, the UK has been an early beneficiary of a number of programmes initiated during 2014, which have been successful in improving gross margins and reducing our operating cost base.

Strategic report

Financial review continued

Continental Europe

	2014 £m	2013 £m	Change Reported	Constant Currency	LFL
Revenue	**803.5**	833.9	-3.6%	+1.7%	+1.1%
Underlying operating profit	**57.4**	54.0	+6.3%	+15.0%	
Underlying operating margin	**7.1%**	6.5%	+60bps		

Revenue increased by 1.7% on a constant currency basis, comprising like-for-like growth of 1.1% and net contract gains of 0.6%. The like-for-like improvement included strong growth in Nordic and Spanish airports, offset by like-for-like revenue falls in France and Germany, primarily as a result of weaker consumer expenditure in both countries. At actual exchange rates, total revenue of £803.5m fell by 3.6%, reflecting the strengthening of Sterling against the Euro and Nordic currencies during the period.

Underlying operating profit for Continental Europe increased by 15.0% on a constant currency basis and by 6.3% at actual exchange rates to £57.4m, and underlying operating margin increased by 60 basis points to 7.1%. Both France and Germany benefited from strategic initiatives which delivered good margin improvements, in the face of challenging passenger numbers and consumer spending trends.

North America

	2014 £m	2013 £m	Change Reported	Constant Currency	LFL
Revenue	**168.0**	151.6	+10.8%	+19.8%	+5.9%
Underlying operating loss	**(0.1)**	(1.2)	N/A	N/A	
Underlying operating margin	**(0.1%)**	(0.8%)	+70bps		

Revenue increased by 19.8% on a constant currency basis, comprising like-for-like growth of 5.9% and net contract gains of 13.9%. The like-for-like growth included a strong contribution from JFK Terminal 4 in New York, which benefited from additional passenger numbers following the extension to the terminal in May last year. Net contract gains were driven principally by the on-going programme of unit openings at Phoenix and JFK. At actual exchange rates, total revenue of £168.0m grew by 10.8%, reflecting the strengthening of Sterling versus the US and Canadian Dollars during the year.

The underlying operating loss for North America was significantly reduced to £0.1m (compared with a loss of £1.2m in the prior year), and underlying operating margin improved by 70 basis points to -0.1%. Profit margins in North America continue to be impacted by start-up costs, as new units in a number of major contracts were mobilised during the year.

Rest of the World

	2014 £m	2013 £m	Change Reported	Constant Currency	LFL
Revenue	**135.1**	132.7	+1.8%	+11.2%	+8.8%
Underlying operating profit	**12.7**	13.4	-5.2%	+5.8%	
Underlying operating margin	**9.4%**	10.1%	-70bps		

Revenue increased by 11.2% on a constant currency basis, comprising like-for-like growth of 8.8% and net contract gains of 2.4%. The like-for-like increase included particularly strong growth of 13.0% in the Asia Pacific region, which benefited from buoyant passenger numbers, and this offset the effect of a like-for-like revenue decline in Egypt as a result of the political situation there. At actual exchange rates, total revenue of £135.1m grew by 1.8% compared to the prior year.

Underlying operating profit for the Rest of the World increased by 5.8% on a constant currency basis, but fell by 5.2% at actual exchange rates to £12.7m. Underlying operating margin was 70 basis points lower at 9.4%, principally reflecting the on-going investment in the development of our business in China.

Share of profit of associates

The Group's share of profit of associates reduced by £0.9m to £1.5m (2013: £2.4m). This reduction primarily reflected the disposal of its minority shareholding in Momentum Services Ltd during the year.

Net finance costs

Underlying net finance costs of £28.2m reduced by £14.7m (2013: £42.9m), due to lower average levels of net debt, primarily reflecting the significant repayment of borrowings following the IPO during July, and lower average interest costs due to the expiry of interest rate swaps during the prior year.

Exceptional finance costs of £26.1m comprised adjustments of £22.1m arising from the refinancing which accompanied the IPO, including a £32.0m settlement of obligations arising under the Group's previous financing structure and an exceptional credit of £14.5m relating to an effective interest rate adjustment on the pre-IPO loans. They also included an exceptional charge of £4.0m in relation to terminating interest rate swap contracts.

Taxation

The Group's underlying tax charge for the year was £17.9m (2013: £14.0m), equivalent to an effective tax rate of 29%. The Group's post exceptional tax charge for the year was £14.3m (2013: £13.9m), reflecting a small benefit from tax relief on some exceptional costs.

Non-controlling interests

The non-controlling interests' share of after tax profits was £4.1m (2013: £3.5m). The increase is mainly due to the effect of the opening of new units in North America during the year.

Earnings per share

Underlying earnings per share, which excludes the impact of exceptional items and the amortisation of intangible assets arising on the acquisition of the Group by EQT in 2006, was 13.3 pence per share. This is based on the weighted average number of shares in issue during the year. Underlying earnings per share calculated using the post IPO number of shares in issue of 475.0m would have been 8.4 pence per share.

Dividends

A dividend has not been proposed (2013: £nil). As signalled at the time of the IPO, in the absence of unforeseen circumstances, the current intention of the Board is that the first dividend to be declared by the Company will be in respect of the six months ending 31 March 2015. If declared, this dividend would be paid during the second half of the 2015 financial year.

Cash flow

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

	2014 £m	2013 £m
Underlying operating profit	**88.5**	78.8
Depreciation and amortisation	**75.7**	73.9
Working capital	**12.7**	5.7
Capital expenditure	**(76.0)**	(78.0)
Net tax	**(15.7)**	(12.3)
Net cash flow to/from minorities/associates	**(2.4)**	(0.3)
Other	**0.5**	(0.8)
Underlying operating cash flow	**83.3**	67.0
Net finance costs	**(25.1)**	(34.2)
Exceptional redundancy and restructuring costs	**(6.7)**	(8.0)
Free cash flow	**51.5**	24.8

Underlying operating cash flow was £83.3m, an increase of 24.3% compared to 2013. The principal driver of this improvement was the strong growth in underlying operating profit, which was further boosted by improved working capital generation. This funded capital expenditure of £76.0m, which included significant further investment in North America and Rest of the World. Taxes paid amounted to £15.7m, while cash outflows to minorities, net of dividends received from associates, amounted to £2.4m.

Net finance costs paid of £25.1m were significantly lower than the previous year, mainly as a result of lower average net debt and maturing interest rate swaps. Exceptional redundancy and restructuring costs amounted to £6.7m.

Overall, the Group generated free cash flow of £51.5m during the year.

Strategic report

Financial review continued

Balance sheet and net debt

The IPO, together with the Group's cash generation, significantly strengthened the Group's balance sheet, with year-end net debt reducing to £371.1m (2013: £870.4m) and net assets increasing to £250.4m (2013: net liabilities of £195.1m).

The table below explains the reduction in net debt during the year:

		£m
Opening net debt (1 October 2013)		(870.4)
Free cash flow		51.5
Net IPO proceeds to de-lever:		
– Gross issue proceeds	467.1	
– Less: settlement to B1 investors	(32.0)	
– Less: other transaction expenses	(31.7)	
		403.4
Impact of foreign exchange rates		43.9
Other		0.5
Closing net debt (30 September 2014)		**(371.1)**

The gross IPO issue proceeds of £467.1m funded £63.7m of exceptional costs relating to the transaction and its associated refinancing. These exceptional costs included £32.0m paid in settlement of obligations to the Group's former B1 lenders under its previous financing arrangements. The remaining IPO issue proceeds were used, in the main, to repay the borrowings of the Group's non-UK subsidiaries. Overall a combination of the net IPO proceeds of £403.4m, amounts borrowed under the new bank loans of £510.0m and existing cash on the balance sheet of £96.4m were used to repay the Group's previous bank debt of £1,009.8m as at July 2014.

In addition to the effect of the IPO, net debt was further reduced during the year by the free cash flow generation of £51.5m, together with £43.9m of foreign exchange gains, mainly arising on the proportion of the Group's previous bank debt that was denominated in currencies other than Sterling. Within the Group's net assets, this gain was largely offset by foreign exchange losses of £38.9m relating to the Group's non-current assets.

As a result of the Group's strong cash generation during the final quarter, year-end net debt was £371.1m, which represented leverage of 2.3 x underlying EBITDA, approximately 0.5 x lower than when the IPO completed in July.

The Group's new borrowing facilities, which mature in July 2019, comprise multi-currency term loans totalling £508.3m at year-end exchange rates, together with a committed Revolving Credit Facility (RCF) of £75.0m. The term loans accrue cash-pay interest based on floating LIBOR (or equivalent benchmark rates), plus a margin. The RCF was undrawn at year-end, and together with the cash on our balance sheet of £133.3m, will provide ample headroom to meet future development and funding needs.

Our policy is to hedge the majority of our interest rate risk as we aim to have predictable borrowing costs. We therefore entered into new interest rate swap contracts during September 2014 which exchanged 90% of the Group's interest rate exposure from floating to fixed rates for the next two years and 75% for the remaining term of the facilities.

Under the new financing agreement, the Group has to comply with covenants relating to Net Debt Cover (which must not exceed 3.5 x, based on underlying EBITDA) and Interest Cover (which must not be less than four times, based on underlying EBITDA). These covenants will be assessed bi-annually. We currently have very substantial headroom against both of these covenants and expect to be in a similar position for the foreseeable future.

As we disclosed in our IPO prospectus, we completed a reorganisation of the Group during June, whereby the Company underwent a reduction of capital in order to eliminate the deficit on its reserves. Although the reorganisation did not have any impact on the equity of the Group as a whole, it increased the distributable reserves of the Company by £647.1m.

Summary

Our financial performance has been good across all regions during the year. Furthermore, the IPO, together with our cash generation during the year, has significantly strengthened our balance sheet, providing capacity for future growth.

Jonathan Davies
Chief Financial Officer

26 November 2014

Sustainability report

At SSP, we are committed to responsibly managing those environmental and social issues which have been identified as material to our business. We believe that our commitment to sustainability also makes good business sense and our approach is designed to support the Group's overall commercial strategy. Accountability for sustainability is integrated into our management structures, with a named member of the Executive Committee responsible for each of the four elements of our programme; Marketplace, People, Environment and Community. The Group Board regularly reviews progress on the implementation of our strategy.

As a newly public listed company, we recognise the importance of reporting on our sustainability performance to give our stakeholders the opportunity to review and comment on it. This report provides a summary of our sustainability activity. More detail, together with relevant policies, will be made available at www.foodtravelexperts.com in 2015. In the year ahead, we intend to build on our sustainability reporting by including more performance data around our sustainability KPIs.

Marketplace

We are committed to providing quality products and services to our customers, and to ensuring the safety and sustainability of those products, and of the supply chain behind them.

Our customers

We want to ensure that our customers receive great service from all of our staff at our units. Since January 2014 we have been tracking customer feedback through our global digital platform 'Eat on the Move' which allows customers to tell us their thoughts via their smart phones or other devices. Our current customer satisfaction levels are high, standing at 4.5 out of 5.0 in the UK and 4.3 globally and this is an area where we continue to work towards further improvement.

As a leading food and beverage provider, we have a responsibility to ensure that we offer our customers choice and include healthier options as part of our product range. We focus our work on SSP's own brands where we have control over product ranges and customer messaging. One example is our Camden Food Co. brand which offers customers a naturally healthy option with its freshly sourced, natural food, and also provides information on product ingredients and nutritional values. We continue to trial healthier options within our other own brands, such as wraps at Upper Crust. In addition, we ensure that our staff receive regular training on key issues such as allergens and food intolerances, so that they can provide the advice and information our customers need.

Sustainable and ethical sourcing

We are working to ensure that the products we sell are from sustainably managed sources and that the people producing these goods are fairly treated.

Our Code of Conduct, which is aligned to the Ethical Trading Initiative's Base Code, outlines the standards we expect our suppliers to work towards. We ask all new suppliers to sign up to this Code and we constantly work with all of our key suppliers to ensure that they understand what we expect of them.

We monitor animal welfare standards in our supply chain to ensure that the meat we use is produced in line with good practice and is fully traceable. In the UK we use only British dairy products and eggs, and we recently won a Compassion In World Farming 'Good Egg' Award for our Rail Gourmet on-board catering. We have also made progress addressing sustainability issues in our drinks ingredients, with the majority of the coffee which we source in our European own-brand operations now Rain Forest Alliance or Fair Trade certified. In addition, we use GreenPalm Certified palm oil in our cookie dough at Millie's Cookies.

Strategic report

Sustainability report continued

In the year ahead, we will continue to train both our purchasing teams and our key suppliers to ensure that our minimum sourcing standards are clearly understood and set clear improvement objectives around key products, including coffee and fish.

Responsibility to our people

Our staff are at the heart of our business success and we are committed to providing a positive, non-discriminatory, accessible, healthy and safe working environment for them, as well as ensuring that we invest in our staff to enable them to reach their full potential.

Staff engagement and recognition

We engage staff in our business strategy, and also our sustainability initiatives, through regular briefings and our social collaborative portal, SSP Connections. In the UK, staff can provide feedback to us via the Your Shout forum and can also send their ideas straight to the Chief Executive Officer. We also partner with the Retail Trust, who offer our staff a confidential helpline where they can discuss any concerns they have.

Our "You're a Star" award provides an opportunity to recognise excellent performance, and every team member has an individual login to Celebrate!, our online recognition tool allowing them to send an e-badge to a colleague to recognise great performance. Line managers can reward excellent performance with Celebrate! points that individuals can use to make a purchase of their choice.

Learning and development

We provide clear opportunities and support for progression, through apprenticeships, mentoring and award-winning training programmes. In the UK, 663 employees joined our apprenticeship programme in 2014.

Our training and development programmes are tailored to meet the needs of the individual, their team and the operating business. Through our affiliation with Coventry University, we have aligned our programmes for unit managers and above with the University so that employees will be able to eventually attain an SSP bespoke foundation degree in leadership, as they work through the various levels and roles. In addition, our web-based learning management system, SSP Academy, offers over 6000 training programmes and has over 10,000 active users across the Group.

Equal opportunities and diversity

We expect all our employees to be treated with respect and we aim to provide a working environment in which all employees can realise their potential, free of harassment and discrimination in any form. We have a comprehensive Equality and Diversity Policy and provide training and guidance to all staff to ensure their understanding and compliance with this policy. We also monitor the diversity of our workforce, collecting data at Board and senior management level, as well as for all staff.

Employees by gender

	Male	Female
Board of Directors	86% (6)	14% (1)
Senior management	76% (116)	24% (36)
All staff	45% (13,035)	55% (15,741)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health and Safety

We are committed to maintaining high standards of health and safety for our colleagues and our customers at all times. All staff complete regular training on health and safety issues, and we monitor performance against key safety performance indicators, with annual reports reviewed by the UK Board.

Environment

There is a clear link between good environmental management and greater operational efficiency and we continue to look for opportunities to reduce the environmental impacts of our operations. In the majority of our locations, we do not purchase utilities or services ourselves, so we continue to work with our clients to improve data collection and find efficiencies.

Global GHG emissions data

	Tonnes of CO_2e	Percentage of carbon footprint
Scope 1 emissions Combustion of fuel and operation of facilities	11,026	15%
Scope 2 emissions Electricity, heat, steam and cooling purchased for own use	62,052	85%
Total	**73,078**	
Intensity measurement		
Total emissions reported above normalised per £ of turnover	**40.0 grams/£**	

Scope and methodology

We have reported on all of the emission sources required under the Companies Act 2006 (strategic report and Directors' report) Regulations 2013. These sources fall within our consolidated financial statements. This data covers the continuing activities undertaken by our retailing operations worldwide. The report does not include a year-on-year comparison, as this is our first annual report as a listed company.

The methodology applied to data gathering and analysis is consistent with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard for Scope 1 and Scope 2 emissions and the DEFRA Environmental Reporting Guidelines, including mandatory greenhouse gas emissions reporting guidance. 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.

Reducing our carbon footprint

The electricity and gas used to light and power our units represents a significant cost to the business, as well as being the primary source of our carbon emissions. We are closely reviewing our energy use across our international portfolio to both improve the quality of consumption data and look at opportunities to reduce consumption. In our European business, we are replacing much of our existing lighting with more energy efficient LED alternatives. At the same time, we are providing training on energy efficiency to our staff so they can play their part in helping us meet our objectives.

We work closely with our suppliers to reduce the air miles and fuel usage associated with our products. A recent project with Coca-Cola has enabled us to cut out almost one million food miles each year through simple changes to delivery patterns. We have also been able to reduce the fuel use associated with the transport of our bottled water by reducing the weight of the bottles.

Reducing our waste to landfill

Reducing waste makes good business sense as well as good environmental sense. We have a number of programmes to reduce our waste, for example we have been recycling our used vegetable oil across our global units since 2006. We are working with one of our key clients, Network Rail, to reduce our waste in the UK, including a trial to recycle coffee grounds. We are also reviewing some of our disposable packaging, including a trial of reusable delivery crates in the UK with our main fresh produce supplier.

Community investment

We are committed to making a positive impact on the communities we work in by providing employment, and through supporting local suppliers and charities.

We work with clients and other partners to reach out to young people and help them develop their skills. One example is our partnership with The Prince's Trust at Luton Airport recruiting disadvantaged young people into work experience and permanent jobs. We also work with Manchester Airport Group's Academy and the UK government to offer work experience and pre-employment skills training.

In the UK, we partner with a different national charity every three years, voted for by our staff. We support that charity by raising money for them through fundraising activities and customer donations. Our current partnership is with Cancer Research UK and we have raised over £200,000 this year. As part of the fundraising, many of our UK teams took part in the Race for Life and a wide range of other fundraising initiatives. As well as raising valuable funds, the partnership is also helping raise awareness of cancer prevention among our employees.

We want to make a positive contribution to the many communities in which we operate. We do this through work with a wide range of local charities which our customers and staff are keen to support, offering gifts in kind, helping to host events in our units, or providing fundraising support. In the coming year, we will work to capture more of this activity so that we can begin to report the total value of our community investment activity.

Approved by the Board and signed on its behalf by:

Kate Swann
Chief Executive Officer

26 November 2014

CANCER RESEARCH UK

Corporate governance

Board of Directors

Vagn Sørensen
Chairman

Vagn is a Senior Industrial Advisor with EQT Partners and joined the SSP Board as Chairman in June 2006. He is currently Chairman of Scandic Hotels AB and a Non-Executive Director of Air Canada, Royal Caribbean Cruises Limited and Lufthansa Cargo AG. In addition, Vagn is a consultant Senior Advisor to Morgan Stanley in the Nordic region.

He was previously the President and Chief Executive Officer of Austrian Airlines Group from 2001 to 2006 and held various senior commercial positions and served as Deputy Chief Executive Officer with SAS Scandinavian Airlines System. Vagn has served as the Chairman of the Association of European Airlines and as a member of the Board of Governors of the International Air Transport Association.

He has a M.Sc. in Economics and Business Administration from Aarhus Business School in Denmark.

Kate Swann
Chief Executive Officer

Kate joined SSP as Chief Executive Officer in September 2013.

Kate began her retail career with Tesco plc before working with some of the UK's best-known companies, including Homepride Foods, Coca-Cola Schweppes and Dixons Retail plc. She then joined Homebase (part of the Home Retail Group), ultimately in the role of Managing Director, and in 2000 was made Managing Director of Argos. Kate joined WH Smith PLC as Chief Executive Officer in 2003. In 2012 she received both the Daily Telegraph award for Business Leader of the Decade at the National Business Awards and the Institute for Turnaround Chairman's Special Award for exceptional and extraordinary performance in the transformation of WH Smith. Kate has also been a Non-Executive Director at Babcock International Group PLC since 2011.

Kate graduated from the University of Bradford in 1986 with a BSc in Business Management and received an honorary doctorate from the university in 2007.

Jonathan Davies
Chief Financial Officer

Jonathan has been the Chief Financial Officer of SSP since its formation within Compass Group in 2004.

Jonathan began his career in the food industry on Unilever plc's management development programme. In 1987 Jonathan joined OC&C, the strategic management consultancy, which was then a start-up. Over the following eight years 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 the Executive Board from 1999 to 2004.

He has a degree in Chemistry from Oxford University and an MBA from INSEAD, France.

John Barton
Senior Independent Non-Executive Director

John joined SSP as an independent Non-Executive Director in April 2014.

John was appointed to the Board of easyJet as Chairman in May 2013. He is also Chairman of Next PLC and Catlin Group Limited (the international insurance underwriters). John has served as Chairman of Cable and Wireless Worldwide PLC, Brit Insurance Holdings plc and Wellington Underwriting PLC. He was previously Senior Independent Director of WH Smith PLC and Hammerson PLC. He was also the Chief Executive of insurance broker JIB Group PLC from 1984 to 1997. After JIB's merger with Lloyd Thomson in 1997, he became Chairman of the combined group, Jardine Lloyd Thompson Group PLC, until 2001.

John is a qualified Chartered Accountant and received an MBA from Strathclyde University.

Ian Dyson
Independent Non-Executive Director

Ian joined SSP as an Independent Non-Executive Director in April 2014.

Ian is currently also Senior Independent Director of Betfair Group plc and ASOS plc and Non-Executive Director of Intercontinental Hotels Group plc and Punch Taverns plc. He was formerly Chief Executive Officer of Punch Taverns plc, Group Finance & Operations Director at Marks & Spencer plc and Finance Director of The Rank Group plc. Prior to this he was Group Financial Controller of Hilton Group plc. He joined Hilton from Le Meridien, a division of Forte Group plc, where he had been Finance Director. Ian was a Non-Executive Director of Misys plc until September 2005.

His early career was spent with Arthur Andersen, where he qualified as a Chartered Accountant in 1986 and was promoted to a Partner of the firm in 1994.

Per Franzén
Non-Executive Director

Per joined EQT Partners in Stockholm in May 2007 and was appointed as a Director of SSP in June 2012.

In January 2014, Per was appointed Head of Equity for EQT in Stockholm. Per is also a member of the Portfolio Review Committee and Head of the EQT Services Sector Team. Per is currently a member of the Board of Directors of Anticimex International AB, Automic Software GmbH and Evidensia Djursjukvård AB. Previously, Per spent six years at Morgan Stanley's London and Stockholm offices working in M&A, Leveraged Finance and Nordic Banking.

Per has a M.Sc. in Economics and Business Administration from the Stockholm School of Economics with Gallen in Switzerland.

Denis Hennequin
Non-Executive Director

Denis joined the SSP Board as a Non-Executive Director in February 2014.

Denis began his career at The McDonald's Corporation, becoming President of McDonald's Europe in 2005 where he was responsible for 6,600 restaurants in 40 countries. He was Chairman and Chief Executive Officer of Accor S.A., the worldwide hotel group, until 2013.

Denis is currently also a Non-Executive Director of Eurostar International Limited and the John Lewis Partnership.

Corporate governance

Corporate governance report

UK Corporate Governance Code compliance

Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the UK Corporate Governance Code published in May 2010 and September 2012 (together the 'Code'). The Code can be found on the Financial Reporting Council website at www.frc.org.uk. This corporate governance report, together with the Directors' remuneration report set out on pages 31 to 44, describes how the Board has applied the main principles of good governance set out in the Code during the year under review.

Compliance statement

It is the Board's view that for the year ended 30 September 2014 the Company has complied with all of the principles set out in the Code other than in relation to the independence of the Chairman, as Vagn Sørensen was not independent at the time of his appointment (provision A.3.1 of the Code). The Directors believe that this non-compliance is justified, as a result of Mr Sørensen's knowledge of the Group's business, his experience in the industry and the continuity his service provides.

How we govern the Company

Our governance structure comprises the Board and various committees (detailed below), supported by the Group's standards, policies and controls, which are described in more detail in this report:

The Board

Composition

As at 30 September 2014, and as at the date of this report, the Board of Directors was made up of seven members, comprising the Chairman, two Executive Directors and four Non-Executive Directors. Simon Marinker and John Barry Gibson stepped down as Non-Executive Directors on 16 June 2014.

John Barton, Ian Dyson and Denis Hennequin 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. Per Franzén is appointed to the Board by EQT and is therefore not considered independent. The Board considers that each of the Non-Executive Directors brings their own senior level of experience, gained in each of their own fields.

Biographical details of each of the Directors currently in office are shown on pages 20 and 21. The Company's policy relating to the terms of appointment and the remuneration of both Executive and Non-Executive Directors is detailed in the Directors' remuneration report which is on pages 31 to 44.

The Board meets regularly during the year as well as on an ad hoc basis, as required by business need. The Board met once between 15 July 2014 and 30 September 2014 and Director attendance for this meeting is shown in the table on page 24. Each Director will also attend the AGM to answer shareholder questions.

Responsibilities

The Board manages the business of the Company and may, subject to the Articles of Association and applicable legislation, borrow money, guarantee, indemnify, mortgage or charge the business, property and assets (present and future) and issue debentures and other securities and give security, whether outright or as a collateral security, for any debt, liability or obligation of the Company or of any third party. The Board has a formal schedule of matters reserved for its decision, although its primary role is to direct the strategic development of the Group. In addition, the Board sets the Group's values and standards and ensures that it acts ethically and that its obligations to its shareholders are understood and met. The Board may delegate any of its powers to any committee consisting of one or more Directors.

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 and compliance are implemented throughout the Group. Together with the Group Chief Executive Officer 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 at times to allow Directors to be properly briefed in advance of meetings.

The roles of Chairman and Group Chief Executive Officer are separate and clearly defined in accordance with the division of responsibilities set out in writing and agreed by the Board.

Director effectiveness and training
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.

Meetings between the Non-Executive Directors, both with and without the presence of the Group Chief Executive, are scheduled in the Board's annual programme. Board meetings are also held at Group business locations to help all Board members to gain a deeper understanding of the business. This also provides senior managers from across the Group with the opportunity to present to the Board as well as to meet the Directors on more informal occasions.

Succession planning is a matter for the whole Board, rather than for a committee. The Company's Articles of Association provide that at every Annual General Meeting held after the first Annual General Meeting, each Director shall retire and that each Director shall seek re-election at each such Annual General Meeting. However, in accordance with the Code, all Directors will submit themselves for re-election by shareholders at the Annual General Meeting in March 2015. New Directors may be appointed by the Board, but are subject to election by shareholders at the first opportunity after their appointment, as is the case with all Directors. The Articles of Association limit the number of Directors to not less than two save where shareholders decide otherwise. Non-Executive Directors are normally appointed for an initial term of three years which is reviewed and may be extended for a further three years.

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 Executive Board 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 and operating issues facing the Group.

John Barton is the Company's Senior Independent Director. His role includes providing a sounding board for the Chairman and acting as an intermediary for the Non-Executive Directors, where necessary. The Board believes that John Barton continues to have the appropriate experience, knowledge and independence to continue in this role.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders.

Board effectiveness
A performance evaluation of the Board and of its committees is carried out annually to ensure that they continue to be effective and that each of the Directors demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company.

Overall the Board considers each Director to be effective and that 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.

Conflicts of interest
As part of their ongoing development, the Executive Directors may seek one external non-executive role on a non-competitor board, for which they may retain the 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.

Each Director has a duty under the Act to avoid a situation in which he or she has or can 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 15 months. The Board considered and authorised each Director's reported actual and potential conflicts of interest at its September 2014 Board meeting.

Committees of the Board
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 complying with the Code, are available from the General Counsel and Company Secretary and can also be found on the Company's website at www.foodtravelexperts.com. Their Terms of Reference are reviewed annually and updated where necessary. Membership and details of the principal committees are shown on pages 24 and 25. The General Counsel and Company Secretary acts as Secretary to all Board committees.

Corporate governance

Corporate governance report continued

Meeting attendance

The following table shows the attendance of Directors at meetings of the Board, Audit, Nomination and Remuneration Committees post IPO to 30 September 2014:

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee
John Barton	1 of 1	1 of 1	1 of 1	1 of 1
Jonathan Davies	1 of 1	–	–	–
Ian Dyson	1 of 1	1 of 1	1 of 1	1 of 1
Per Franzén	1 of 1	–	1 of 1	–
Denis Hennequin	1 of 1	1 of 1	1 of 1	1 of 1
Vagn Sørensen	1 of 1	–	1 of 1	–
Kate Swann	1 of 1	–	–	–

The table shows the number of meetings attended out of the number of meetings which 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.

Nomination Committee

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 Nomination Committee comprises John Barton (Chairman), Ian Dyson, Per Franzén, Denis Hennequin and Vagn Sørensen.

The Nomination Committee will normally meet not less than twice a year. The Committee met once since Admission and the Directors' attendance is set out in the table above.

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 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. 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 Executive Director appointments although the Board itself is responsible for succession generally.

The Company adopts a formal, rigorous and transparent procedure for the appointment of new Directors and senior executives with due regard to diversity and gender. Prior to making an appointment, the Nomination Committee will evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and, in the 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.

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

Remuneration Committee

The Remuneration Committee is responsible for making recommendations on remuneration policy for the Chairman, Executive Directors and senior management to the Board.

The Remuneration Committee comprises John Barton (Chairman), Ian Dyson and Denis Hennequin.

The Remuneration Committee will normally meet not less than twice a year. The Remuneration Committee met once since Admission and its members' attendance can be found in the table above.

The Directors' remuneration report is set out on pages 31 to 44 and details of the Remuneration Committee's activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee will attend the AGM to respond to any shareholder questions that might be raised on the Remuneration Committee's activities.

Audit Committee

The Audit Committee is responsible for assisting the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group.

The Audit Committee comprises Ian Dyson (Chairman), John Barton and Denis Hennequin.

The Audit Committee will normally meet not less than three times a year. The Audit Committee met once since Admission and its members' attendance can be found in the table on page 24.

The Audit Committee's report is set out on pages 26 to 30 and details of the Audit Committee's responsibilities and activities during the year. The Chairman of the Audit Committee will attend the AGM to respond to any shareholder questions that might be raised on the Audit Committee's activities.

Executive Committee

The Executive Committee is the key management committee for the Group.

The Executive Committee meets regularly and is responsible for developing the Group's strategy and 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.

Communicating with shareholders

The Company places considerable importance on communication with its shareholders, including its private shareholders. The Chief Executive Officer and the Chief Financial Officer are closely involved in investor relations supported by the Group's investor relations function, which has primary responsibilty for day-to-day communication with investors. The views of the Company's major shareholders are reported to the Board by the Chief Executive Officer and the Chief Financial Officer as well as by the Chairman 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. It is intended that this will include the maintenance of a regular dialogue between the Board and senior management and major shareholders. The AGM provides an opportunity for all shareholders to meet the Group's Directors and to hear more about the strategy and performance of the Group. Shareholders are encouraged to attend the AGM and to raise any questions at the meeting or in advance, using the email address shown in the AGM pack which is sent to shareholders.

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 annual report and accounts 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 are also published on the Company's website, together with other announcements and documents issued to the market, such as trading updates and presentations. Enquiries from shareholders may also be addressed to the Group's investor relations function through the contacts provided on the Group's website.

The Notice of AGM is circulated to shareholders at least 20 working days prior to such meeting and it is Company policy not to combine resolutions to be proposed at general meetings. All shareholders are invited to the Company's AGM at which they have the opportunity to put questions to the Board and it is standard practice to have the Chairman of the Audit, Nomination and Remuneration Committees available to answer questions. 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 meeting.

Corporate governance

Audit Committee report

Dear Shareholder

I am pleased to present the Group's first Audit Committee report following its Admission to the London Stock Exchange on 15 July 2014. This report focuses on the matters considered by the Audit Committee prior to Admission, the work undertaken to transition from the Group's private company status to a listed company and the focus of the Audit Committee going forward.

Leading up to Admission, the Group identified the need to strengthen the independence of the Audit Committee to ensure that it complied with the recommendations of the Code. As a result, the composition of the Audit Committee changed during the year and it is now entirely made up of independent Non-Executive Directors. The members of the Audit Committee are myself as Chair, John Barton and Denis Hennequin. The Board considers I have recent and relevant financial experience, as recommended by the Code.

The Audit Committee is a sub-committee of the Board and its terms of reference were approved in advance of Admission and are fully aligned with the Code. The terms of reference set out in full the role, responsibilities and authority of the Committee and can be found at www.foodtravelexperts.com. The primary function of the Committee is to assist the Board in fulfilling its responsibilities to protect the interests of the shareholders with regard to the integrity of the financial reporting, audit, risk management and internal controls. We aim to provide shareholders with timely communication on significant matters relating to the Group's financial position and prospects and we are also responsible for monitoring fraud risk.

During the IPO, as part of completing the Group's financial position, prospects and procedures report, KPMG LLP and the Directors undertook a detailed assessment of the following key areas:

- Board governance including the Audit Committee and the procedure for assessing the Group's key risks;
- Management accounting process and the information provided to the Board;
- External financial reporting procedures and reporting standards;
- Internal control environment both at high and detailed levels;
- Complex transactions, potential exposure and risk;
- Information systems; and
- Budgeting and forecasting procedures and controls.

The Directors recognise the need to maintain the financial reporting procedures, review them on an ongoing basis and adapt them to changing circumstances. Their continuous review will form part of the Audit Committee's agenda going forward together with its wider role and responsibilities.

I look forward to meeting shareholders at the AGM.

Ian Dyson
Chairman of the Audit Committee

26 November 2014

Summary of the role of the Audit Committee

The Audit Committee's key objectives are the provision of effective financial governance in respect of:

- the Group's financial results, including adequacy of related disclosures;
- the performance of, and relationship with, both the internal and external auditors; and
- the review of the Group's internal control and risk management systems.

The Audit Committee is responsible for, amongst other matters:

- making recommendations to the Board on the appointment of the auditors and the audit fee;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;
- monitoring and reviewing the integrity of the Group's financial statements and any formal announcements on the Group's financial performance;
- reviewing significant financial reporting judgements contained in the financial statements;
- reviewing reports from the Group's auditors on the financial statements;
- implementing a policy on the engagement of the external auditor to supply non-audit services;
- reviewing the Group's internal financial control and risk management systems, whistleblowing arrangements and other audit and risk-related arrangements to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems. It also receives detailed reports on the internal controls and risk management processes within the business units; and
- reviewing the adequacy of the scope and performance of the internal auditor.

Composition of the Audit Committee

The members of the Audit Committee are Ian Dyson (Chairman), John Barton and Denis Hennequin. The expertise and experience of the members of the Audit Committee is summarised on pages 20 and 21. In accordance with the Code, Ian Dyson has recent and relevant expertise, having held the position of Chief Executive Officer at Punch Taverns plc and Group Finance and Operations Director at Marks and Spencer plc. The Board considers that each member of the Audit Committee is independent in accordance with the provisions of the Code.

Members of the Audit Committee are appointed by the Board, following recommendations by the Nomination Committee and the Audit Committee's membership is reviewed by the Nomination Committee and as part of the annual Board performance evaluation.

Prior to the establishment of the current Audit Committee, the Group had in place an Audit Committee which comprised John Barry Gibson (Chairman), Vagn Sørensen and Per Franzén.

Meetings

The Audit Committee is scheduled to meet regularly throughout the year and its agenda is linked to events in the Group's financial calendar. Each member of the Audit Committee may require reports on matters of interest in addition to the regular items. The current Audit Committee is scheduled to meet four times in the 2015 financial year.

It is expected that all Committee members attend meetings, unless they are prevented from doing so by prior commitments. The following table shows the number of meetings held during the period from 15 July 2014 to 30 September 2014 and the attendance record of the individual Directors.

Committee membership	Number of meetings attended
Ian Dyson	1/1
John Barton	1/1
Denis Hennequin	1/1

Corporate governance

Audit Committee report continued

The Audit Committee invites the Chairman of the Board, the Chief Executive, the Chief Financial Officer, the Group Financial Controller and the Group Director of Business Controls, together with senior representatives from the internal and external auditors, to attend each meeting although, from time to time, it reserves time for discussions without invitees being present. The Company Secretary acts as secretary to the Committee. Other senior management are invited to present such reports as are required for the Audit Committee to discharge its duties.

The Audit Committee holds private sessions with the external and internal auditors without management present, and the Committee Chairman meets privately with both internal and external auditors.

The Audit Committee Chairman provides regular updates to the Board on the key issues discussed at the Committee's meetings and will attend the AGM to respond to any shareholder questions that might be raised on its activities.

The Board has reviewed the performance of the Audit Committee to date and is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner.

The remuneration of the members of the Audit Committee and the policy with regard to the remuneration of the Non-Executive Directors are set out on pages 31 to 44.

Financial reporting

The Audit Committee reviews all significant issues concerning the financial statements. The principal matters we considered concerning the 2014 financial statements were:

- **Goodwill and intangible assets:**

  The Group has a significant goodwill balance representing consideration paid in excess of the fair value of the identified net assets acquired relating to the acquisition of the SSP business through the purchase of various Compass Group PLC subsidiaries by various subsidiaries of SSP Group. The net assets acquired include intangible assets relating to the Group's own brands and franchise rights in respect of third-party brands which were determined at the date of acquisition.

  The Audit Committee recognises that there is a risk that a business can become impaired, for example due to market changes. As a result the Group monitors carrying values of goodwill and intangibles to ensure that they are recoverable and any specific indicators of goodwill or intangible impairment are discussed by the Executive Directors with both operational and financial management.

  The carrying value of goodwill is subject to impairment testing, on an annual basis. The carrying value of goodwill and intangible assets are reviewed on the identification of a possible indicator of impairment, to ensure that the carrying values are recoverable. This testing, including the key assumptions and sensitivity analysis, is reviewed by the Chief Financial Officer and Group Financial Controller.

  After reviewing reports from management and consulting where necessary with the external auditors, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates both in respect to the amounts reported and the disclosures provided. The Audit Committee agrees with management that no impairment needs to be recognised.

- **Underlying and non-underlying presentation:**

  The Group presents underlying income statement measures for operating profit and profit/(loss) for the period within the consolidated income statement and throughout the annual report in order to provide clear and useful information on the Group's underlying trading performance. The underlying measures exclude exceptional items, which in 2014 and 2013 comprised exceptional redundancy and restructuring costs, costs in respect of the IPO and associated refinancing, an exceptional goodwill write-off, and costs related to acquisition and disposals of businesses. They also exclude non-cash accounting adjustments relating to amortisation of intangible assets arising on acquisition of the Group by EQT in 2006.

  The Audit Committee reviewed and challenged the presentation of underlying profit and the reporting of exceptional items and non-cash accounting adjustments, taking into account IFRS requirements and recent guidance issued by the Financial Reporting Council.

  The Audit Committee is of the view that the presentation of the underlying and non-underlying information provides useful disclosure to aid the understanding of the performance of the Group.

The Committee agreed the parameters of, and reviewed a report to support, the going concern statement.

An intrinsic requirement of a Group's financial statements is for the annual report and accounts to be fair, balanced and understandable. The co-ordination 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 auditors.

The process to ensure that the Audit 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 operational level;
- a verification process dealing with the factual content of the reports; and
- comprehensive review by the Directors and the senior team.

External audit

KPMG was appointed as auditor to SSP Group Limited on its incorporation in 2006 and subsequently to SSP Group plc on its listing in July 2014. KPMG is subject to annual re-appointment by shareholders.

The effectiveness and the independence of the external auditor are key to ensuring the integrity of the Group's published financial information. Prior to the commencement of the audit, the Audit Committee reviewed and approved the audit plan to gauge whether it was appropriately focused. KPMG LLP presented to the Audit Committee their proposed plan of work which was designed to ensure there are no material misstatements in the financial statements.

The Audit Committee considered the accounting, financial control and audit issues reported by the auditors that flowed from the audit work.

The Committee's policy is to initiate an annual review of auditor quality, effectiveness, value and independence at the conclusion of each year-end audit. Having assessed the output of the annual review undertaken at the close of the 2014 year-end audit, taken into account the Committee's own interactions with KPMG throughout the year, and satisfied itself on the continuing independence and objectivity of the external auditor, the Committee proposed to the Board that it recommend shareholders support the appointment of KPMG at the forthcoming AGM.

The Audit Committee has kept under review the relationship and effectiveness of the external auditor, however no formal tender of the audit process has been carried out since KPMG's appointment in 2006, since it has taken the view that partner rotation at both the Group and operating business level has been sufficient to maintain the necessary independence, and it has continued to be satisfied with KPMG's performance. The Audit Committee is mindful of the requirements under the Code that the audit should be put out to tender every 10 years on a 'comply or explain' basis. There are no contractual obligations that would restrict the selection of a different auditor.

Auditor independence and non-audit services policy

The Audit Committee has adopted a formal policy governing the engagement of the auditors to provide non-audit services, taking into account the relevant ethical guidance on the matter. This policy will be reviewed annually by the Committee. The policy 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 auditors are best placed to undertake certain work of a non-audit nature, the engagements for non-audit services that are not prohibited are subject to formal review by the Audit Committee based on the level of fees involved. 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.

Details of fees payable to the auditors are set out in note 5 on page 67. In 2014, non-audit fees represented 288% of the audit fee. The level of non-audit fees in 2014 reflects the services and advice provided, including as Reporting Accountant, in connection with the IPO. The auditors were determined to be the appropriate advisors for the Group to engage given the scale and complexity of the work involved. This work did not represent a threat to KPMG's independence, as it was permissible work under auditor independence guidelines; was performed by a different and independent engagement team; did not give rise to financial entries; did not result in decisions being made by KPMG on behalf of management; and the fee arrangements were not dependent on the results of the work. KPMG also complied with the independence requirements as set out by the APB Ethical Standards for Reporting Accountants.

The external auditor reported to the Committee on their independence from the Group. The Committee are satisfied that KPMG LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained.

Risk management and internal control

The Audit Committee is responsible for reviewing the effectiveness of the Group's system of internal control. 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 and not absolute assurance against material misstatement or loss.

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 finance management on a monthly basis.

Key financial and operational measures are reported on a monthly basis and are measured against both budget and re-forecasts in these meetings.

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 local risk registers and risk maps to ensure the key strategic, operational, financial and accounting 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 risk as well as current and future mitigation activities at both Group and regional/country level. A summary of this review is presented to the Audit Committee annually.

Audit Committee report continued

The risks and uncertainties which are currently judged to have the most significant impact on the Group's long-term performance are set out on pages 8 to 12.

The Audit Committee reviewed the effectiveness of the Group's financial controls and system of internal control by reviewing the scope of work and reports of the internal and external auditor. The Committee also reviewed the risk assessment process and Group, regional and country risk registers during the year.

Internal audit

Internal audit plays an important role in assessing the effectiveness of internal controls by a programme of reviews based on a continuing assessment of business risk across the Group. Deloitte LLP acts as internal auditor to the Company. The Internal Auditor is a permanent member of the Risk Committee and reports directly to the Audit Committee. Internal audit are in regular dialogue with regional Chief Financial Officers. Where control deficiencies are noted, the Internal Auditor will perform follow up reviews and visits.

The Audit Committee met regularly with Deloitte LLP to review and progress the Group's internal audit plan. The relevant audit plan and procedures are aimed at addressing financial 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 Institute of Internal Auditors. The Audit Committee will continue to monitor the effectiveness of internal audit plans in accordance with the Group's ongoing requirements.

The Audit Committee considered the output from the 2014 annual internal audit programme of assurance work, reviewed management's response to the matters raised and ensured that any action was timely and commensurate with its level of risk, whether real or perceived.

The Audit Committee determines the adequacy of the performance of the internal auditor through the quality and depth of findings and recommendations.

There were no significant weaknesses identified in the year that would materially impact the Group as a whole, but a number of recommendations were acted upon within the Group to strengthen in-place controls or risk awareness. The Committee remains satisfied that the Group's system of internal controls works well.

Anti-Bribery and whistleblowing

SSP has a Group wide anti-bribery and corruption policy to comply with the Bribery Act 2010 and it periodically reviews its procedures to ensure continued effective compliance in its businesses around the world.

The Group's whistleblowing policy provides the framework to encourage and give all employees confidence to 'blow the whistle' and report irregularities. Employees are encouraged to raise concerns with designated individuals, including the Executive Directors or the Chairman of the Audit Committee. The Audit Committee monitors this policy and reviews annually the number of matters reported and the outcome of any investigations.

The Audit Committee will periodically review the Group's policies and procedures for preventing and detecting fraud, its systems, controls and policies for preventing bribery, its code of corporate conduct and business ethics and its policies for ensuring that the Group complies with relevant regulatory and legal requirements. The Committee receives updates on bribery and fraud trends and activity in the business, if any, at least twice a year, with individual updates being given to the Committee, as needed, in more serious cases of alleged bribery, fraud or related activities.

Statement by the Chairman of the Remuneration Committee

Dear Shareholder

During the year I was appointed as the Remuneration Committee Chairman of the Group and I am delighted to present our first Directors' remuneration report as a listed company comprising this statement, the Directors' remuneration policy on pages 33 to 38 and the annual report on remuneration on pages 39 to 44. At our AGM in March 2015 we will put our remuneration policy to a binding vote and the annual report on remuneration will be put to an advisory vote for the first time.

During the 2014 financial year the Remuneration Committee (the 'Committee') has primarily been focused on the review and consequent restructuring of SSP's pay arrangements ahead of our Admission to the London Stock Exchange on 15 July 2014 ('Admission') and our transition to life as a listed company. There have been a number of changes to the Remuneration Committee during the year and I would like to thank my colleagues for all of their contributions.

Pay for performance

The Committee considers it essential to ensure that our executive pay arrangements are fully aligned with our ambition to reward our profitable growth strategy.

The Group's financial performance over the last 12 months has exceeded our expectations. The Group has also successfully listed on the London Stock Exchange. The Executive Directors each performed strongly against the challenges of the year. This performance provided the backdrop to the decisions of the Committee and was reflected in the remuneration outcomes for the year.

Aligned with our profitable growth strategy

In determining SSP's remuneration policy the Committee was conscious of the need to take into account shareholder expectations of executive remuneration in the listed environment, whilst minimising complexity. The pay arrangements adopted by the Committee (which are outlined in full in the Directors' remuneration policy below) are designed to promote the long-term success of the Group, with the following aims:

To recruit, reward and retain Executive Directors who can deliver our strategic objectives	• Base salary levels and incentive plan opportunities have been set at levels that reflect the individual's skills, performance and experience in the context of the size and scope of the Executive Director's role.
To reward the Executive Directors for the delivery of the Group's strategic and business objectives, and to promote a strong and sustainable performance culture whilst avoiding paying more than is necessary	• A significant portion of the Executive Directors' remuneration is based on the achievement of transparent, stretching and rigorously applied financial targets. In line with best practice this is through an annual bonus plan and a single long-term incentive plan: • Annual bonus awards will be based on the achievement of annual profit targets. • Performance Share Plan (PSP) awards will be subject to Earnings Per Share (EPS) growth targets and Total Shareholder Return (TSR) relative to a comparator group of companies, normally measured over three years. This is consistent with best practice.
To align the interests of Executive Directors with those of shareholders in the long-term success of the Group by encouraging equity ownership	• The Executive Directors are required to hold a significant minimum shareholding in SSP. Individual guidelines are currently 200% of salary for Kate Swann and 125% of salary for Jonathan Davies. • The Executive Directors are also required to hold shares in respect of their pre-Admission holdings for a 'lock-up' period of up to two years following Admission.

In addition to establishing SSP's post-Admission remuneration arrangements, other major decisions reached by the Committee for this year include:

- **Annual bonus payments in respect of performance for the year ended 30 September 2014** – We believe in pay for performance. Based on a combination of the financial performance of the business and personal performance achieved in the financial year, an annual bonus of 200% of salary was paid to Kate Swann and an annual bonus of 84% of salary was paid to Jonathan Davies.
- **Performance Share Plan (PSP) awards following Admission** – Following Admission, the Committee granted awards under the PSP to the Executive Directors in accordance with the statement in our prospectus. These awards, based on the Admission price, increase the alignment between the interests of our senior executives and our new shareholders. 75% of these awards will vest subject to an EPS growth performance test measured over the three years to 30 September 2017. The remaining 25% of these awards will vest based on the relative TSR performance of the Group compared with selected comparator companies and measured from the date of Admission of the Group to the three months following the announcement of the Group results for the year ended 30 September 2017.
- **One-off awards in respect of Admission made by the previous shareholder** – We are required by the prevailing Regulations to include in this report remuneration awarded for the year ended 30 September 2014 both before and after Admission. As disclosed in our Prospectus, in recognition of their contribution to the Company in achieving Admission, Kate Swann and Jonathan Davies were each provided with cash and share awards. The Chairman and Non-Executive Directors also received awards. These awards were made prior to Admission, supported by our previous majority shareholder and disclosed in the Prospectus.

Remuneration for the year ended 30 September 2015

The proposed approaches to base salary, annual bonus and PSP awards for the year ended 30 September 2015 are set out on pages 33 to 36. There are currently no changes proposed to the remuneration arrangements which were announced in the Prospectus, with the exception of the introduction of clawback and malus on variable remuneration.

Corporate governance

Statement by the Chairman of the Remuneration Committee continued

Changes to the UK Corporate Governance Code were announced in mid-September 2014. As disclosed in the Prospectus, the PSP includes a malus provision. As stated in the remuneration policy below, a clawback provision will be introduced for incentive awards made to Executive Directors in respect of future years.

What is included in this report

The remainder of the remuneration report is split into two sections in line with legislative reporting regulations.

- The Directors' remuneration policy – contains details of the various elements of our approach to Directors' remuneration. The Directors' remuneration policy will be subject to a binding shareholder vote at the AGM in March 2015 and if approved by a majority of our shareholders will apply from that date.
- The annual report on remuneration – contains details of pay received by Directors for the whole of the year ended 30 September 2014. It is a technical requirement of the disclosure regulations that this report covers remuneration paid both before and after the date of Admission. We have also explained how we intend to implement our pay model during the year ended 30 September 2015. The annual report on remuneration will be subject to an advisory vote at the AGM in March 2015.

I hope very much that shareholders will support the Committee's continuing overall approach to remuneration and, on behalf of the Committee, I commend both the policy and our report to you.

John Barton

John Barton
Chairman of the Remuneration Committee

26 November 2014

Directors' remuneration policy

This section sets out the Directors' remuneration policy of the Company. In accordance with section 439A of the Companies Act 2006, a binding shareholder resolution to approve this policy will be proposed at the Annual General Meeting of the Company to be held in March 2015 (the '2015 AGM'). The policy will apply to payments made to Directors after the 2015 AGM, subject to shareholder approval of the policy.

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.

Future 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.

Element and link to strategy	Operation	Maximum potential value	Performance metrics
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.	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 • Where a salary has fallen significantly below market positioning. There is no maximum increase or opportunity.	None
Pension To provide an income following retirement and assist the Executive Director in building wealth for their future.	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 of up to 35% of base salary may be paid in respect of each financial year of the Company.	None
Other benefits To provide appropriate benefits as part of a remuneration package that assists in recruiting, rewarding and retaining Executive Directors.	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, smartphone (or similar devices), life assurance, business travel and permanent health insurance. Travel benefits, including car allowance, company car, driver, the cost of fuel for private mileage, insurance, maintenance and servicing 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 and subsistence costs. 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.	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.	None

Corporate governance

Directors’ remuneration policy continued

Element and link to strategy	Operation	Maximum potential value	Performance metrics
Annual bonus To reward performance on an annual basis against key annual objectives.	Performance objectives will 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 delivered wholly in cash, and are paid once the results for the year have been audited. The Committee may clawback awards up to three years after vesting if the Group’s accounts have been materially misstated or there has been 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 2014/15 maximum annual opportunities are: • Chief Executive Officer, Kate Swann – 200% of salary per annum. • Chief Financial Officer, 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 financial and individual performance. Below this level, no bonus will be paid. To earn a maximum bonus there must be outperformance against stretching objectives.
Performance Share Plan (‘PSP’) The PSP rewards the delivery of Company performance and shareholder value over the longer term. The awards are share based to align the interests of Executive Directors with those of shareholders.	Awards may be made to Executive Directors at the discretion of the Committee in the form of conditional share awards, nil-cost options, forfeitable shares or equivalent rights. Awards will normally be subject to performance conditions set by the Committee measured over a period of at least three years. Awards will vest following the end of the performance period. 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, which will, unless the Committee determines otherwise, assume the reinvestment of those dividends in the Company’s shares on a cumulative basis. The Committee has the discretion to reduce the number of shares subject to unvested awards if prior to vesting there is a material misstatement in the Company’s annual financial statements, or a material failure of risk management, or serious reputational damage to a member of the Group or relevant business unit. The Committee may clawback awards up to three years after vesting if the Group’s accounts have been materially misstated or there has been an error in the calculation of any performance conditions which results in overpayment.	The maximum award that may be made is up to 200% of salary per annum under the rules of the plan in respect of any financial year of the Company.	It is currently anticipated that for PSP awards performance will be based on: • 25% on relative Total Shareholder Return (‘TSR’) • 75% on Earnings per Share (‘EPS’) If the minimum level of performance is not achieved then none of the award will vest and the award will lapse. For performance at the threshold levels 25% of the award will vest. The whole award will vest if the maximum level of performance, or above, is achieved. Long-term incentive performance conditions are reviewed on an annual basis, and may vary to ensure that they are aligned with the corporate strategy. The Committee would seek to consult with its major shareholders as appropriate on any proposed material changes.
All-employee share plans	Executive Directors may participate on the same basis as other employees.	Participants can contribute up to the relevant limits set out in the country plan.	None

Element and link to strategy	Operation	Maximum potential value	Performance metrics
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.	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 takes 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. 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.		None

Notes to the tables on pages 33 to 35

The Company also operates a shareholding policy – details can be found on page 41 of this report.

The PSP will be operated in accordance with the plan rules. In accordance with the rules of the PSP, any performance condition may be substituted or varied if the Committee considers it appropriate, provided that the amended performance condition is in its opinion reasonable and not materially less difficult to satisfy. The plan rules also provide for the adjustment of awards 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 applies where stated in the above table. Other elements of remuneration are not subject to recovery provisions. Under Kate Swann's service contract, if her employment is terminated by the Company making a payment in lieu of notice and the Company subsequently discovers that there were grounds for her summary dismissal, Kate Swann may be required to make a repayment equal to the net of tax value of any payments, benefits or shares received under any relevant bonus or incentive plan.

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 policy came into effect (including payments relating to the Admission); or

(ii) 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.

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.

PSP

Performance conditions and targets are determined by the Committee to reflect the Group's strategy and having regard to market practice within the Company's business sector.

For 2014 awards the measures were selected taking into account that:

- Earnings per Share is considered by the Company to be the best indicator of long-term performance.
- Total Shareholder Return is a key objective of most of our shareholders.

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.

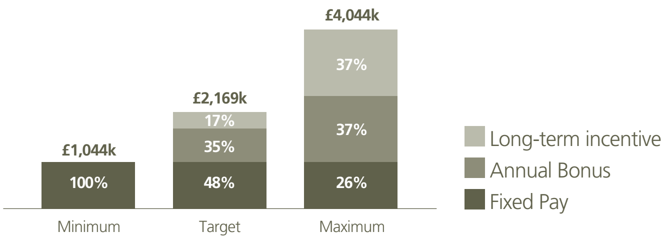
Corporate governance

Directors' remuneration policy continued

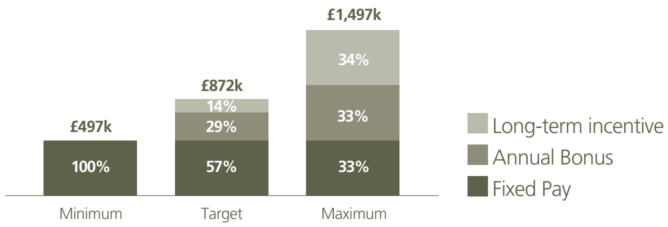
Illustrative scenario analysis

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).

CEO: Kate Swann



CFO: Jonathan Davies



Component		'Minimum'	'Target'	'Maximum'
Fixed remuneration	Base salary	Annual base salary for 2014/15		
	Pension	Chief Executive Officer: 35% of salary; Chief Financial Officer: 21% of salary		
	Benefits	Taxable value of annual benefits provided in the year ended 30 September 2014		
Annual bonus	Maximum opportunity	Chief Executive Officer: 200% of salary; Chief Financial Officer: 125% of salary		
	Vesting	0% of maximum opportunity	50% of maximum opportunity	100% of maximum opportunity
Performance share plan*	Maximum opportunity	Chief Executive Officer: 200% of salary; Chief Financial Officer: 125% of salary		
	Vesting	0% vesting	25% vesting	100% vesting

* Excludes share price growth and dividends.

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, whilst 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 table above.
- 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 which have been forfeited. The form of any award would be determined at the time and the Committee may make buy-out awards 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 PSP grant of 200% of annual salary, as stated in the policy table above. 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 (e.g. 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.

Kate Swann's payment in lieu of notice would be calculated by reference to the base salary and pension contributions (or equivalent allowance) 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. Any such payment to Kate Swann would be repayable (net of tax) if it was subsequently discovered that the Company would have been permitted to dismiss her summarily.

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.

Kate Swann's service contract includes the provision that she is entitled to participate in the annual bonus scheme. For any new Executive Directors appointed their participation in the Company's incentive plans will be at the discretion of the Remuneration Committee.

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
Kate Swann	15 July 2014	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.

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. Per Franzén's appointment may be terminated by the Board if EQT and their associates no longer exercise or control the exercise of 10% 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
Vagn Sørensen	15 July 2014	14 July 2017
John Barton	15 July 2014	14 July 2017
Ian Dyson	15 July 2014	14 July 2017
Denis Hennequin	15 July 2014	14 July 2017
Per Franzén	15 July 2014	14 July 2017

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.

Corporate governance

Directors' remuneration policy continued

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.
Performance 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 conditions have been satisfied. 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 conditions at that time or the Committee's assessment of the likely achievement of the performance conditions 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 PSP on a takeover or voluntary winding-up of the Company PSP 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 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 PSP 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 PSP 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 (which were summarised for shareholders in the Company's IPO prospectus).

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 Director remuneration, the Committee takes into account the pay and employment conditions of Company employees. The Company-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

Consideration of shareholder views

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.

Annual report on remuneration

Audited information

The information presented from this section up until the relevant note on page 41 is the audited section of this report.

Single total figure of remuneration

The following table sets out the total remuneration for Executive Directors and Non-Executive Directors for the year ended 30 September 2014. All figures are for the full financial year unless otherwise stated.

	Salary and fees (a)		Benefits (b)		Pension (c)		Annual bonus (d)		Long-term incentives (e)		Other (f)		Total	
All figures shown in £000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Executive Directors														
Kate Swann* (joined Board 16 June 2014)	**211**	–	**15**	–	**74**	–	**440**	–	**–**	–	**3,807**	–	**4,547**	–
Jonathan Davies* (joined Board 16 June 2014)	**117**	–	**4**	–	**25**	–	**98**	–	**–**	–	**1,393**	–	**1,637**	–
Non-Executive Directors (g)														
Vagn Sørensen	**70**	43	**–**	–	**–**	–	**–**	–	**–**	–	**100**	–	**170**	43
John Barton (joined Board 4 April 2014)	**19**	–	**–**	–	**–**	–	**–**	–	**–**	–	**75**	–	**94**	–
Ian Dyson (joined Board 4 April 2014)	**17**	–	**–**	–	**–**	–	**–**	–	**–**	–	**75**	–	**92**	–
Per Franzén	**10**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**10**	–
Denis Hennequin (joined Board 14 Feb 2014)	**18**	–	**–**	–	**–**	–	**–**	–	**–**	–	**75**	–	**93**	–
John Barry Gibson (left Board 16 June 2014)	**15**	21	**–**	–	**–**	–	**–**	–	**–**	–	**50**	–	**65**	21
Simon Marinker (left Board 16 June 2014)	**16**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**16**	–

* Kate Swann and Jonathan Davies were appointed as Directors of the Company on 16 June 2014. Prior to 16 June 2014 they were employees of SSP Financing UK Limited. As such the table above shows their remuneration for the period from appointment as Directors to 30 September 2014.

Notes to the table

(a) Salary and fees – this represents the base salary or fees paid in respect of the relevant financial year.

(b) Benefits – this represents the taxable value of all benefits paid in respect of the relevant financial year. Executive Directors' benefits may include private healthcare (for the Executive and their family), car allowance or a company car, and travel to and from work (including associated tax paid).

(c) Pension allowance – Executive Directors receive a cash allowance in lieu of pension contributions. Kate Swann received a cash allowance of 35% of salary per annum and Jonathan Davies received a cash allowance of 21% of salary per annum.

(d) Annual bonus – this represents the bonus awarded in respect of the period from appointment to the Board.

(e) Long-term incentives – this figure represents the value of long-term incentive plans with a performance period ending in the relevant year. No long-term incentive plans vested in 2013 or 2014. The first award under the SSP Performance Share Plan was made in July 2014 and will measure performance in the period from the date of the Company's Admission to the London Stock Exchange on 15 July 2014 to the date falling three months after the publication of preliminary results for the year ending 30 September 2017.

(f) Other – As disclosed in the Prospectus, certain individuals received additional awards in recognition of their contribution to the successful Admission of the Company onto the London Stock Exchange. Kate Swann received a cash award of £1,325,000 (from the Company) and an award of 1,181,862 shares (from the previous majority shareholder) on Admission worth £2,482,000 based on the IPO offer price of 210p. Jonathan Davies received a cash award of £400,000 (from the Company) and an award of 472,746 shares (from the previous majority shareholder) on Admission worth £993,000 based on the IPO offer price of 210 pence.

(g) Non-Executive Directors – The Chairman receives a fee of £175,000 per annum. Other Non-Executive Directors receive a basic fee of £45,000 per annum. The Senior Independent Director, Chairman of the Audit Committee and Chairman of the Remuneration Committee each receive an additional £10,000 per annum per appointment. The Chairman, Vagn Sørensen received a fee of £100,000 and John Barton, Ian Dyson and Denis Hennequin each received a fee of £75,000 from the Company on Admission to reward the work undertaken in preparing the Company for Admission to the London Stock Exchange. They all used the post-tax amount of the fee to purchase shares in the Company upon Admission. John Barry Gibson received a fee of £50,000 funded by the previous shareholder under a pre-existing entitlement.

Corporate governance

Annual report on remuneration continued

Additional disclosures in respect of the single figure table

Base salary

The table below shows base salaries of the Executive Directors which were effective on the date of the Company's Admission to the London Stock Exchange on 15 July 2014.

	Base salaries on 15 July 2014
Kate Swann	£750,000 per annum
Jonathan Davies	£400,000 per annum

Annual bonus

The bonus for the year ended 30 September 2014 was primarily based on EBITDA performance. Any bonus earned in respect of above target EBITDA performance was subject to a multiplier based on an assessment of individual performance (including financial, personal and/or strategic objectives). If the individual performance rating is significantly below expectations the Committee could decide not to award a bonus. Under this framework Kate Swann had the opportunity to receive an annual bonus up to a maximum of 200% of her base salary and Jonathan Davies had the opportunity to receive up to 105% of his base salary.

EBITDA performance in the year was £174.0m, meeting the maximum target of £174.0m (at 2014 budget foreign exchange rates, and adjusted for the costs of Admission and other exceptional items). Based on this performance, and individual performance in the year, Kate Swann earned a bonus of 200% of salary and Jonathan Davies earned a bonus of 84% of salary.

Scheme interests awarded during the financial year

SSP Performance Share Plan 2014 awards

As outlined in the policy table, PSP awards (in the form of nil cost options) are granted over SSP Group plc shares with the number of shares under award determined by reference to a percentage of base salary.

The following table provides details of the performance share awards made under the PSP on 16 July 2014.

	Face value (£)	Face value (% of salary)	End of performance period
Kate Swann	£1,500,000	200%	3 months after the announcement of results for financial year ending 30 September 2017
Jonathan Davies	£500,000	125%	

Face value has been calculated using the IPO offer price of 210 pence.

The performance conditions attached to this share award are detailed below.

75% of the award – Earnings per share (EPS) growth over the three-year period from 1 October 2014 to 30 September 2017.

EPS – compound annual growth	Percentage of the award vesting
Less than 7% per annum	0%
7% per annum	25%
12% per annum or more	100%

Straight-line vesting operates between these points.

EPS growth will normally be calculated using the actual foreign exchange rates. However, given the international nature of SSP's business, in order to ensure that management performance during the performance period is appropriately rewarded, the Committee may make an adjustment upwards or downwards where there have been exceptional movements in foreign exchange rates during the performance period.

25% of the award – Relative Total Shareholder Return (TSR) performance against a peer group of companies.

Relative TSR performance	Percentage of the award vesting
Below median	0%
Median	25%
Upper quartile	100%

Straight-line vesting operates between these points.

SSP's TSR will be calculated using the IPO offer price of 210 pence as the starting value. The Committee decided that this approach maximises the alignment between executives and the shareholders following IPO. For constituents of the peer group a three-month average from 16 June 2014 will be used.

The relative TSR peer group for the 2014 award is set out below.

Autogrill	Dunelm Group	Inchcape	Millennium & Copthorne Hotels	Stagecoach Group
Booker Group	Elior	Intercontinental Hotels Group	Mitchells & Butlers	Tesco
Carphone Warehouse Group	Enterprise Inns	JD Sports Fashion	N Brown Group	Thomas Cook Group
Compass Group	First Group	J D Wetherspoon	National Express	TUI Travel
Debenhams	Go-Ahead Group	J Sainsbury	Next	UDG Healthcare
Dignity	Greene King	Kingfisher	Ocado Group	WHSmith
Dixons Retail	Halfords Group	Marks and Spencer Group	Restaurant Group	Whitbread
Domino's Pizza Group	Home Retail Group	Marston's	Sports Direct International	Wm Morrison Supermarkets

Share Incentive Plan awards

Executive Directors will be eligible to participate in the all employee Share Incentive Plan ('SIP') on the same basis as other eligible employees, but no SIP offer was made in the year ended 30 September 2014.

Payments for loss of office

There have been no payments to Directors for loss of office in the 2014 financial year (2013: £nil).

Statement of Directors' shareholding and share interests

Directors' shareholdings and share ownership guidelines

Shareholding guidelines require Executive Directors to build up over time a personal shareholding in the Company equivalent in value to 200% of salary for the CEO and 125% of salary for the CFO. Executives 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, or from the date of appointment if later.

Director	Shareholding requirement as a % of salary (% of salary achieved)	Shares owned outright at 30 September 2014	Interests in share incentive schemes, awarded subject to performance conditions at 30 September 2014
Kate Swann	200% (1,593%)	4,601,800	714,286
Jonathan Davies	125% (849%)	1,308,164	238,096
Vagn Sørensen	–	493,147	–
John Barton	–	57,142	–
Ian Dyson	–	18,928	–
Per Franzén	–	–	–
Denis Hennequin	–	18,928	–

For the purposes of determining Executive Director shareholdings, the individual's salary at the year-end and the share price at 30 September 2014 (259.70 pence) has been used.

The interests in the share capital of the Company of the Directors are beneficial or are interests of a person connected with a Director.

This is the end of the audited section of the annual report on remuneration.

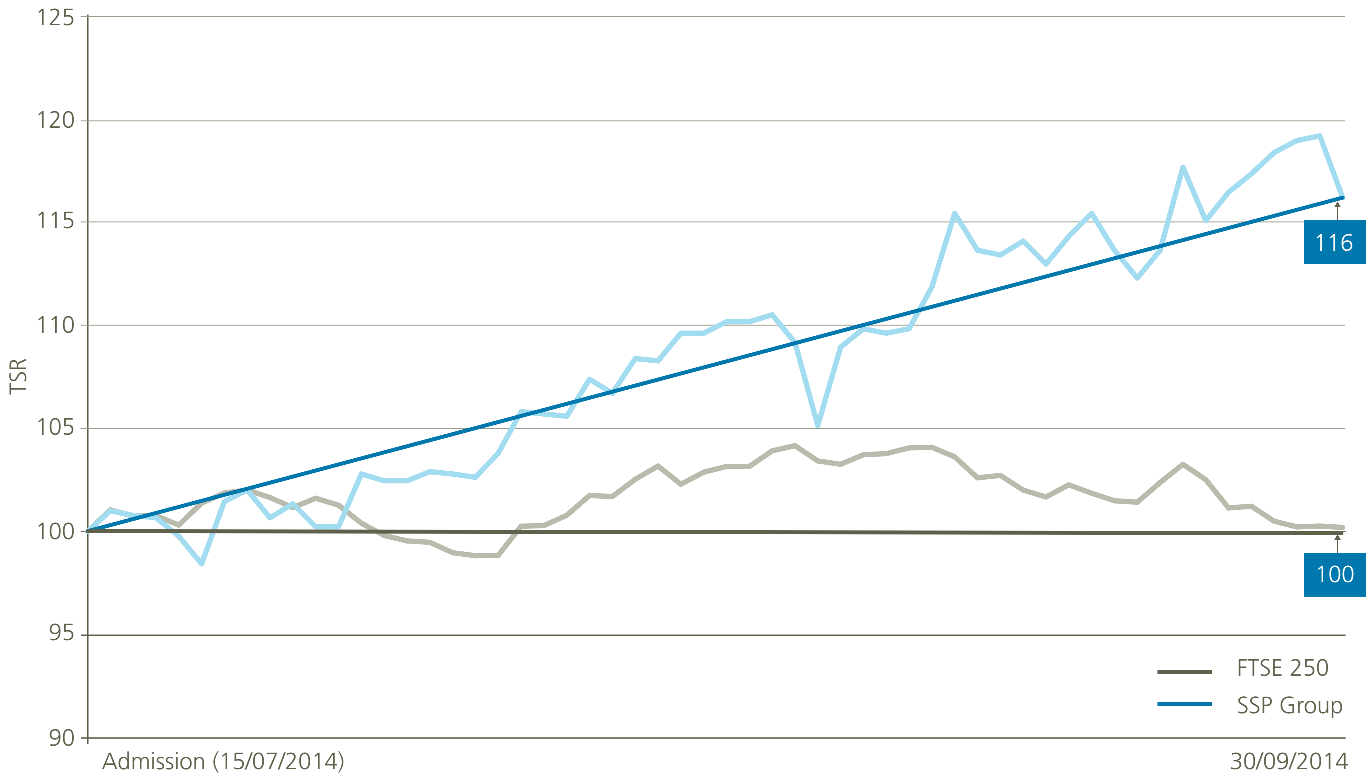
Corporate governance

Annual report on remuneration continued

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 11-week period from Admission on 15 July 2014 to 30 September 2014.

TSR performance since Admission



Chief Executive Officer remuneration outcomes

The table below summarises the Chief Executive Officer single figure for total remuneration, annual bonus payable and long-term incentive plan vesting levels as a percentage of maximum opportunity for the 2014 financial year[1].

Chief Executive Officer	2014
Chief Executive Officer single figure of remuneration (£m)	£4.5m
Annual bonus payable (as a % of maximum opportunity)	100%
Long-term incentive vesting out-turn (as a % of maximum opportunity)	n/a

1 The additional awards of cash and shares made on Admission by the Company and the previous majority shareholder are included in the above.

Percentage change in remuneration of the Chief Executive Officer

The Chief Executive Officer was appointed as a Director of SSP on 16 June 2014, part way through the financial year to 30 September 2014. Given that the required disclosure of the remuneration of the Chief Executive Officer only covers part of a financial year, the change in the Chief Executive Officer's remuneration between 2013 financial year (before the Chief Executive Officer was appointed) and the 2014 financial year (a part year) does not provide any meaningful indication of the ongoing relationship between the pay of the Chief Executive Officer and pay for other employees. We will provide additional information in the 2015 annual report on remuneration, once the Chief Executive Officer has been in role for a full financial year.

Relative importance of the spend on pay

The Company did not pay dividends or undertake a share buy-back programme during the year ended 30 September 2014. Details of total staff costs are provided in note 6 to the Group accounts (page 68).

Fees from external directorships

Kate Swann was a non-executive director of Babcock International Group PLC during the year. She retained a fee of £15,889 in respect of that directorship for the period from her appointment as a director of SSP Group plc to 30 September 2014. Jonathan Davies did not receive any fees from external directorships during the year.

Implementation of remuneration policy in the year ended 30 September 2015

This section provides an overview of how the Committee is proposing to implement our remuneration policy in the year ended 30 September 2015.

Base salary

The Remuneration Committee considers a number of factors when reviewing the base salaries including:

- the individuals' skills, experience and recent performance;
- business performance;
- affordability;
- market practice for comparable roles at companies of a similar size and complexity; and
- pay and conditions elsewhere in the Group.

The table below shows base salaries at 1 October 2014.

	Base salary at 1 October 2014
Kate Swann	£750,000
Jonathan Davies	£400,000

Benefits

The benefits received by each Executive Director will continue to include private healthcare (for the executive and their family), life insurance, car allowance or a company car, driver and travel to and from work (including associated tax paid).

Pension allowance

The current Executive Directors will receive a cash allowance of in lieu of pension. The table below shows the expected cash allowances for the year ended 30 September 2015.

	Cash allowance in lieu of pension (% of salary)
Kate Swann	35%
Jonathan Davies	21%

Annual bonus

As disclosed in the Prospectus, the maximum annual bonus opportunity for Executive Directors will be 200% of base salary for the Chief Executive and 125% of salary for the Chief Financial Officer for the year ended 30 September 2015.

Profit is the key financial measure for the Company and is therefore the most appropriate measure of the Executive's performance. Bonuses for the year ended 30 September 2015 will use Group Operating Profit as the primary financial target as the Remuneration Committee considered that for the future it is more aligned with shareholders' interests than EBITDA. The Group Operating Profit targets are considered commercially sensitive so have not been disclosed. The Company will disclose the targets retrospectively when they are considered no longer commercially sensitive.

For the year ended 30 September 2015 the multiplier based on the individual performance assessment will be extended to apply to any bonus earned based on financial performance.

Performance Share Plan

The Committee does not intend to make an award under the SSP Performance Share Plan in the year ended 30 September 2015 given the award post IPO was made in July 2014 and vesting for that award will be measured over the period to three months after the announcement of results for the year ending 30 September 2017. The next award to Executive Directors is likely to be made in November 2015.

Corporate governance

Annual report on remuneration continued

Non-Executive Director remuneration

The Non-Executive Director fees are not expected to be reviewed in the coming year and therefore the fees will remain as outlined in the table below.

	2015 fees
Chairman of the Board	£175,000
Board member	£45,000
Additional fee for Senior Independent Director	£10,000
Additional fee for Chairman of Audit/Remuneration Committee	£10,000

Consideration by the Directors of matters relating to Directors' remuneration

The SSP 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.

The table below shows the Committee members and their attendance at Committee meetings since Admission.

	Meetings attended
John Barton	1/1
Ian Dyson	1/1
Denis Hennequin	1/1

Internal advice

The Chief Executive Officer, Chief Financial Officer, the Group HR Director and the Company Secretary attended Committee meetings by invitation, other than when their personal remuneration is being discussed. The Company Secretary acted as secretary to the Committee.

External advice

During the year ended 30 September 2014, the Committee received independent advice on executive remuneration matters from Deloitte LLP. Deloitte received £90,000 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, consulting services, a working capital review, tax services and transaction-related services.

The Committee appointed Deloitte to the role of independent advisors to the Committee. 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.

Statement of shareholder voting

As SSP has not yet held an AGM since Admission to the London Stock Exchange there are no voting figures to report.

Directors' report

This section of the annual report includes additional information required to be disclosed under the Companies Act 2006 (the 'Act'), the UK Corporate Governance Code 2012 (the 'Code'), the Disclosure and Transparency Rules (the 'DTRs') and the Listing Rules of the Financial Conduct Authority.

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 19;
- The corporate governance report on pages 20 to 25;
- The Audit Committee report on pages 26 to 30; and
- The Directors' remuneration report on pages 31 to 44.

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 2014 together with information on the approach of the Company to Corporate Governance and the constitution, 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. The Company's registered office and principal place of business is at 169 Euston Road, London NW1 2AE.

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' (Admission).

Dividends

The Directors are not proposing to recommend any dividend in respect of the financial year ended 30 September 2014.

Share capital

At the date of this report, there were 474,999,954 ordinary shares of 1 pence in issue, 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 20 to the financial statements on pages 81 and 82.

Pre-emption rights and authority to allot

The Act requires that any shares issued wholly for cash must be offered to existing shareholders in proportion to their existing holdings unless the Company is authorised to the contrary by a resolution of the shareholders. Resolutions giving such authority were passed pre-Admission on 3 July 2014.

At the AGM, the Directors will ask Shareholders to give the Directors authority to allot equity shares representing approximately one-third of the issued ordinary shares calculated at the latest practicable date prior to the publication of the Notice of AGM (the initial section 551 authority). In accordance with The Investment Association's Share Capital Management Guidelines, the Directors will also ask shareholders to give the Directors authority to allot ordinary shares representing approximately two-thirds of the issued ordinary shares calculated at the latest practicable date prior to publication of the Notice of AGM as reduced by the nominal amount of any shares issued under the initial section 551 authority. If approved, these authorities will expire no later than the conclusion of the AGM to be held in 2016 or at the close of business on 31 March 2016, whichever is sooner.

The Directors also recommend that the Directors be granted a limited authority to allot equity shares for cash other than pro rata to existing Shareholders. If granted, this authority will give the Directors the ability (until the AGM to be held in 2016) to issue ordinary shares for cash, other than pro rata to existing Shareholders, in connection with a rights issue or up to a limit of 5% of the issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM. The Directors have no present intention to issue ordinary shares, other than pursuant to the Company's employee share schemes, and this authority will maintain the Company's flexibility in relation to future share issues, including any issues to finance business opportunities, should appropriate circumstances arise.

Repurchase of shares

On 3 July 2014, the shareholders approved the authorisation of market purchases of ordinary shares up to a maximum of 590,686 ordinary shares, representing 10% of the Company's issued share capital at the time of Admission. The authority will lapse at the end of the AGM on 3 March 2015. The Company has not made, and does not currently intend to make, any market purchases of ordinary shares pursuant to this authority.

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 UK or by writing to the Company Secretary. The key points are summarised on the next page:

Corporate governance

Directors' report continued

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 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 Listing Rules, the City Code on Takeovers and Mergers or any other regulations.

Dealings subject to the Model Code of the Listing Rules

Pursuant to the Listing Rules, Directors and 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 held by relevant participants under the Company's various share plans carry no rights until the shares are issued. The Trustee of the Performance Share Plan does not seek to exercise voting rights on existing shares held in the employee trust.

Substantial shareholdings

The Company has been notified of the following significant holdings of voting rights in its ordinary shares as at 30 September 2014 and as at the date of this report:

Name	% of voting rights as at 30 September 2014	% of voting rights as at the date of this report
EQT IV Limited	37.5%	37.5%
Old Mutual plc	9.1%	11.3%
Schroders plc	6.9%	5.0%
Artemis Investment Management LLP	3.8%	3.8%
JPMorgan Asset Management (UK) Limited and JPMorgan Investment Management Inc	3.6%	3.6%
GIC Private Limited	3.2%	3.2%

Directors

Particulars of the Directors in office at the date of this report are listed on pages 20 and 21. Each of the Directors held office throughout the year, with the following exceptions:

- on 4 April 2014, John Barton and Ian Dyson were appointed as Non-Executive Directors of the Company;
- on 14 February 2014, Denis Hennequin was appointed as a Non-Executive Director of the Company;
- on 16 June 2014, Kate Swann and Jonathan Davies were appointed as Executive Directors of the Company; and
- on 16 June 2014, John Barry Gibson and Simon Marinker stepped down as Non-Executive Directors of the Company.

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 recommendation by the Nomination Committee in accordance with its terms of reference for approval by the Board.

Pursuant to the relationship agreement (the Relationship Agreement) entered into between the Company and EQT IV Limited (EQT), EQT may propose the appointment of two Non-Executive Directors to the Board for so long as they and their associates are entitled to exercise or to control the exercise of 25% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. EQT is able to propose the appointment of one Non-Executive Director to the Board for so long as they and their associates are entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Per Franzén is an appointee of EQT.

The processes for the appointment and replacement of Directors are governed by the Company's Articles of Association, the Code, the Act, the Listing Rules and related legislation. In accordance with the Code, at the first AGM of the Company to be held on 3 March 2015, each Director will submit himself or herself for election.

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 41. 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 on 23 September 2014 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 will be reviewed by the Board going forward.

Other than the Relationship Agreement, at no time during the year did any of the Directors have a material interest in any significant contract with the Company or any of its subsidiaries.

Directors' indemnities

The Company has made qualifying indemnity provisions, as defined by section 236 of the Act, for the benefit of its Directors during the financial year ended 30 September 2014 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 as well as Prospectus liability insurance which provides cover for liabilities incurred by Directors in the performance of their duties or powers in connection with the issue of the Prospectus in relation to the Listing.

Defence fees were paid under the Group Directors' and Officers' liability insurance during the financial year ended 30 September 2014 in respect of a case brought by the Greek civil aviation authority in 2013 against, and successfully defended by, four former managers employed by the Company's Greek subsidiary.

Awards under employee share schemes

Details of employee share schemes and awards made during the year and held by Executive Directors as at 30 September 2014 are set out in the Directors' remuneration report on pages 31 to 44.

Details of awards made during the year and held by employees as at 30 September 2014 under the Performance Share Plan are disclosed in note 21 to the consolidated financial statements on page 83.

Controlling shareholders

On 10 July 2014, the Company and EQT entered into the Relationship Agreement in which the parties agreed to comply with the 'independence provisions' as set out in paragraph 6.1.4DR of the Listing Rules (the independence provisions). Furthermore, EQT agreed to procure that the EQT funds who hold beneficial interests in the Company's shares (the EQT Funds) and their associates also comply with such provisions. As at 30 September 2014 and as at the date of this report, EQT and the EQT Funds together exercise or control 37.5% of the votes to be cast on all or substantially all matters at general meetings of the Company.

The Company confirms that, since 10 July 2014, it has complied with the independence provisions and, so far as it is aware, EQT and its associates have complied with, and EQT has procured that the EQT Funds and their respective associates have complied with, the independence provisions.

Annual General Meeting

All holders of ordinary shares are entitled to attend the AGM and all holders of ordinary shares on the register at the relevant record date are entitled to receive the Notice of AGM which is posted at least 20 working days before the AGM. They are also entitled to speak at general meetings of the Company, 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 meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be put to the AGM.

The AGM will be held on 3 March 2015. The results of the voting on resolutions will be made available to shareholders on the Group's website after the meeting. At the meeting, the Group Chief Executive Officer and the Chairmen of the Board Committees will also be present to answer questions on any matters relating to the Group's business. Shareholders will also have an opportunity to meet Directors informally after the meeting.

Corporate governance

Directors' report continued

Change of control

Contracts

There are a number of contracts which 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 or Officer that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover.

The Company's main credit facilities, being the committed bank facilities dated 16 June 2014 (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 be not less than 10 business days after the date of the notice).

Articles of Association

The Articles of Association of the Company may be amended by 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 2014, 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 this year's AGM that a precautionary authority be granted up to £25,000 in aggregate. Details are included in the Notice of AGM.

Greenhouse gas emissions

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 performance. The sustainability report on pages 17 to 19 reports on environmental matters, including the impact of the Group's businesses on the environment, the Group's annual quantity of greenhouse emissions in tonnes of carbon dioxide, the Group's employees, and on social and community issues.

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 on page 12 and in note 23 to the consolidated financial statements on page 84 to 88.

Going concern

The financial information has been prepared on a going concern basis, in support of which the Board has reviewed the Group's trading forecasts for the next 12 months. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by segment and by month and take account of the normal seasonality profile of the business. As a result, the Directors are confident that the assumptions underlying their forecasts are reasonable and that the Group will be able to operate within its banking covenants and available liquidity headroom.

Notwithstanding the above however, there remains a risk that a downturn in the global economy could result in passenger numbers and consumer spending in the travel market which are worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts which include sensitivities that make allowance for this risk. Should such a scenario arise the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare this financial information on a going concern basis.

Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution that they will be re-appointed will be proposed at the AGM.

Statement of disclosure of information to auditors

So far as each Director in office on the date of this Report is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

Forward looking statements

These reports and financial statements contains certain forward looking statements which are subject to assumptions, risks and uncertainties; 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 these Reports and Financial Statements and include statements regarding the current intentions, beliefs or expectations of the Directors or the Company 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 Company's strategy and other future events or prospects are forward-looking statements. Nothing in this annual report should be construed as a profit forecast.

Approved by the Board and signed on its behalf by:

K. H. Byrne

Helen Byrne
General Counsel and Company Secretary

26 November 2014

Corporate governance

Statement of Directors' responsibility 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 IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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 judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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 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.

Directors' responsibility statement

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 includes a fair review of the development and performance of the business and the position of the issuer 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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Kate Swann
Chief Executive Officer

26 November 2014

Jonathan Davies
Chief Financial Officer

26 November 2014

Independent auditor's report to the members of SSP Group plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of SSP Group plc for the year ended 30 September 2014 set out on pages 54 to 94.
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 2014 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; 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 International Accounting Standards (IAS) Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

a) Valuation of goodwill and indefinite life intangible assets (£634.5m)
Refer to the Audit Committee report on page 28, note 2 on page 64 and note 10 on pages 71 to 72 (notes to the consolidated financial statements).

The risk

- The Group carries significant goodwill and indefinite life intangible assets resulting from acquisitions of businesses in a wide range of geographical locations. The Group's business is influenced by general economic trends whereby levels of discretionary travel and consumer spending may be adversely affected by global and local economic and political uncertainties. There is a risk of irrecoverability of the Group's significant goodwill balance in geographies where such conditions may negatively affect profitability. Management tests the Group's goodwill and indefinite life intangible assets for impairment annually. Due to the inherent uncertainty involved in forecasting and discounting future cash flows which forms the basis of the assessment of recoverability, as well as the subjectivity of key assumptions in the impairment models, this is one of the key judgmental areas on which our audit is focused.

Our response

- Our audit procedures included, among others, evaluating through examination of trading performance, consideration of economic and market data, and queries of management, whether indicators of impairment such as trading shortfalls or significant changes in business environment have been identified, and assessing whether these have been appropriately evaluated in the Group's valuation models.
- We assessed the Group's budget and forecast procedures to determine the rigour with which they are prepared and have also evaluated the historical accuracy of management forecasts. We challenged the assumptions for key inputs used by management such as projected market growth, future capital expenditure levels, revenue growth rates, cost projections and inflation, and compared them to externally derived data where relevant. Our valuation specialist assisted us in assessing the methodology used by management to determine if it was appropriate and by assessing the assumptions used to determine discount rates used. We applied sensitivities to key assumptions to assess the impact on the recoverability of the assets.
- We compared the results of the discounted cash flows against the Group's market capitalisation to determine if there were any significant differences that required further examination.
- We also considered whether the Group's disclosures in respect of the impairment exercise properly reflects the key risks and sensitivities inherent in those calculations and have met the requirements of relevant accounting standards.

b) Presentation of underlying profit and classification of exceptional items and other adjustments
Refer to the Audit Committee report on page 28, note 2 on page 64 and notes 5 and 7 on pages 67 and 68 respectively (notes to the consolidated financial statements).

The risk

- The Group presents alternative income statement measures to operating profit and loss for the period within the consolidated income statement and throughout the annual report. The Directors believe that the separate identification of exceptional items and other adjustments, and the resultant presentation of alternative income statement measures, provides clear and useful information on the Group's underlying trading performance. The determination of whether an item should be separately disclosed as an exceptional item or other adjustment requires judgement on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance. Therefore, this is one of the key judgment areas on which our audit is concentrated.
- Exceptional items and other adjustments in the current and preceding year comprised exceptional redundancy and restructuring costs, exceptional goodwill write-off, costs related to acquisitions and disposals of businesses, amortisation of acquisition- related intangible assets, costs of refinancing activities, and costs related to the listing of the Group earlier this year.

Independent auditor's report to the members of SSP Group plc only continued

Our response

- Our audit procedures include, amongst others, assessing and challenging the judgments made by Directors of the Group regarding their determination of exceptional items and other adjustments. We evaluated the presentation and completeness of material or unusual transactions for appropriate classification within the financial statements by assessing whether the approach taken to identifying exceptional items and other adjustments was even handed between gains and losses; assessing whether the same category of material items recur each year; ensuring gains and losses are not netted off in arriving at the amount disclosed unless otherwise permitted; assessing whether the tax effects of exceptional items and other Adjustments are explained; and by agreeing amounts incurred in the year to underlying documentation and supporting information. We assessed whether these items fulfil the criteria to require separate disclosure in accordance with IAS 1 – 'Presentation of Financial Statements'. We also assessed whether in judging what to include in additional items and underlying profit, the Directors took appropriate regard to guidance issued by the Financial Reporting Council on the reporting of exceptional items. We also considered whether these items were recognised in accordance with the Group's stated accounting policy on page 63.
- Where provisions were made in the prior period for exceptional items, we assessed whether the utilisation of the provision in the current period was appropriate and that any release of the provision is classified as an exceptional item where appropriate.
- We assessed whether the separate disclosure and related commentary of underlying profit throughout the annual report and accounts provided clarity on trading performance. We also assessed whether the adopted IFRS and 'underlying' financial information are reconciled with sufficient prominence given to that reconciliation; whether the basis of the 'underlying' financial information is clearly and accurately described, whether it is consistently applied; and whether the 'underlying' financial information is not otherwise misleading.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £10.0m. This has been determined with reference to a benchmark of Group revenue, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. Materiality represents 0.5% of Group revenue as disclosed on the face of the income statement.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements identified through our audit with a value in excess of £1.0m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for Group reporting purposes were performed by component auditors in the following countries: UK, Denmark, Norway, Sweden, France, Germany, Spain and the USA. Reviews for Group reporting purposes were performed by component teams in Cyprus and Egypt. Together, these audits cover 89% of Group revenue and 79% of Group total assets.

Detailed instructions were sent to all the auditors in these locations, which covered the significant audit areas (which included the relevant risks of material misstatements detailed above) and set out the information required to be reported back to the Group audit team. Calls were held with all audit teams. The Group audit team visited the following locations during the year: UK, Denmark, France, Germany, Spain and the USA.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to local materiality levels, set by, or agreed with the Group audit team, which ranged from £0.7m to £8.0m.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- The part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- The information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- Information given in the corporate governance statement set out on pages 20 to 49 of the annual report and accounts with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- We have identified material inconsistencies between the knowledge we acquired during our 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 performance, business model and strategy; or
- The Audit Committee report on pages 26 to 30 does not appropriately address matters communicated by us to the Audit Committee.

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; or
- A corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- The Directors' statement, set out on page 48, in relation to going concern; and
- The part of the corporate governance statement on pages 22 to 25 of the annual report and accounts relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' responsibilities statement set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Tudor Aw
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

26 November 2014

Financial statements

Consolidated income statement

for the year ended 30 September 2014

	Notes	**2014 Underlying * £m**	**2014 Adjustments £m**	**2014 Total £m**	2013 Underlying * £m	2013 Adjustments £m	2013 Total £m
Revenue	3	**1,827.1**	**–**	**1,827.1**	1,827.2	–	1,827.2
Operating costs	5	**(1,738.6)**	**(48.5)**	**(1,787.1)**	(1,748.4)	(11.6)	(1,760.0)
Operating profit		**88.5**	**(48.5)**	**40.0**	78.8	(11.6)	67.2
Share of profit of associates	11	**1.5**	**–**	**1.5**	2.4	–	2.4
Goodwill written off on closure of business units	10	**–**	**–**	**–**	–	(10.5)	(10.5)
Loss on disposal of business	11	**–**	**(0.7)**	**(0.7)**	–	–	–
Finance income	7	**0.8**	**–**	**0.8**	1.6	–	1.6
Finance expense	7	**(29.0)**	**(26.1)**	**(55.1)**	(44.5)	–	(44.5)
Profit/(loss) before tax		**61.8**	**(75.3)**	**(13.5)**	38.3	(22.1)	16.2
Taxation	8	**(17.9)**	**3.6**	**(14.3)**	(14.0)	0.1	(13.9)
Profit/(loss) for the year		**43.9**	**(71.7)**	**(27.8)**	24.3	(22.0)	2.3
Profit/(loss) attributable to:							
Equity holders of the parent		**39.8**	**(71.7)**	**(31.9)**	20.8	(22.0)	(1.2)
Non-controlling interests	20	**4.1**	**–**	**4.1**	3.5	–	3.5
Profit/(loss) for the year		**43.9**	**(71.7)**	**(27.8)**	24.3	(22.0)	2.3
Earnings/(loss) per share (pence):							
– Basic	4	**13.3**		**(10.7)**	8.2		(0.5)
– Diluted	4	**13.3**		**(10.7)**	8.2		(0.5)

* Underlying operating profit and underlying profit/(loss) exclude items that are considered to be exceptional in nature. For the years reported above, these comprised redundancy and restructuring costs, costs in respect of the IPO and associated refinancing, a goodwill write-off, and costs related to acquisitions and disposals of businesses. They also excluded non-cash accounting adjustments relating to amortisation of intangible assets arising on acquisition of the Group by EQT in 2006.

Consolidated statement of other comprehensive income

for the year ended 30 September 2014

	Notes	2014 £m	2013 £m
Other comprehensive income/(expense)			
Items that will never be reclassified to the income statement:			
Remeasurements on defined benefit pension schemes	18	**(3.9)**	(1.1)
Items that are or may be reclassified subsequently to the income statement:			
Net gain/(loss) on hedge of net investment in foreign operations		**22.2**	(9.0)
Other foreign exchange translation differences		**(15.7)**	(7.0)
Effective portion of changes in fair value of cash flow hedges		**(2.6)**	(0.1)
Cash flow hedges – reclassified to profit and loss		**7.0**	6.8
Income tax relating to items that have or may be reclassified		**(0.9)**	–
Other comprehensive income/(expense) for the year		**6.1**	(10.4)
(Loss)/profit for the year		**(27.8)**	2.3
Total comprehensive expense for the year		**(21.7)**	(8.1)
Total comprehensive (expense)/income attributable to:			
Equity holders of the parent		**(24.6)**	(11.4)
Non-controlling interests	20	**2.9**	3.3
Total comprehensive expense for the year		**(21.7)**	(8.1)

Financial statements

Consolidated balance sheet

as at 30 September 2014

	Notes	2014 £m	2013 £m
Non-current assets			
Property, plant and equipment	9	**201.9**	210.0
Goodwill and intangible assets	10	**659.0**	694.8
Investments in associates	11	**4.6**	5.3
Deferred tax assets	12	**2.5**	3.0
Other receivables	14	**27.9**	24.2
		895.9	937.3
Current assets			
Inventories	13	**24.4**	24.8
Tax receivable		**0.5**	0.2
Trade and other receivables	14	**89.1**	86.7
Cash and cash equivalents	15	**133.3**	182.1
		247.3	293.8
Total assets		**1,143.2**	1,231.1
Current liabilities			
Short-term borrowings	16	**(29.8)**	(1.4)
Trade and other payables	17	**(340.8)**	(321.5)
Tax payable		**(9.2)**	(12.5)
		(379.8)	(335.4)
Non-current liabilities			
Long-term borrowings	16	**(474.6)**	(1,051.1)
Other payables	17	**–**	(0.4)
Post-employment benefit obligations	18	**(17.9)**	(15.0)
Provisions	19	**(11.6)**	(12.8)
Derivative financial liabilities		**(0.9)**	(5.4)
Deferred tax liabilities	12	**(8.0)**	(6.1)
		(513.0)	(1,090.8)
Total liabilities		**(892.8)**	(1,426.2)
Net assets/(liabilities)		**250.4**	(195.1)
Equity			
Share capital	20	**5.9**	5.4
Share premium	20	**461.2**	642.9
Translation reserve	20	**6.5**	(0.3)
Cash flow hedging reserve	20	**(0.9)**	(5.3)
Retained earnings		**(241.4)**	(857.6)
Total equity shareholders' funds		**231.3**	(214.9)
Non-controlling interests	20	**19.1**	19.8
Total equity		**250.4**	(195.1)

These financial statements were approved by the Board of Directors on 26 November 2014 and were signed on its behalf by:

Jonathan Davies
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 30 September 2014

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interests £m	Total equity £m
At 1 October 2012	5.4	642.8	15.5	(12.0)	(855.3)	(203.6)	10.2	(193.4)
(Loss)/profit for the year	–	–	–	–	(1.2)	(1.2)	3.5	2.3
Other comprehensive (expense)/income for the year	–	–	(15.8)	6.7	(1.1)	(10.2)	(0.2)	(10.4)
Shares issued in the period	–	0.1	–	–	–	0.1	–	0.1
Dividends paid to non-controlling interests	–	–	–	–	–	–	(2.5)	(2.5)
Capital contribution from non-controlling interests	–	–	–	–	–	–	8.8	8.8
At 30 September 2013	5.4	642.9	(0.3)	(5.3)	(857.6)	(214.9)	19.8	(195.1)
(Loss)/profit for the year	–	–	–	–	(31.9)	(31.9)	4.1	(27.8)
Other comprehensive income/(expense) for the year	–	–	6.8	4.4	(3.9)	7.3	(1.2)	6.1
Capital reduction (Note 20)	(4.2)	(642.9)	–	–	647.1	–	–	–
Capital reorganisation (Note 20)	2.5	–	–	–	(2.5)	–	–	–
Shares issued in the period (Note 20)	2.2	461.2	–	–	–	463.4	–	463.4
Dividends paid to non-controlling interests (Note 20)	–	–	–	–	–	–	(3.6)	(3.6)
Share-based payments (Note 21)	–	–	–	–	7.4	7.4	–	7.4
At 30 September 2014	**5.9**	**461.2**	**6.5**	**(0.9)**	**(241.4)**	**231.3**	**19.1**	**250.4**

Financial statements

Consolidated cash flow statement

for the year ended 30 September 2014

	Notes	**2014 £m**	2013 £m
Cash flows from operating activities			
Cash flow from operations	22	**177.2**	158.4
Exceptional redundancy and restructuring cost		**(6.7)**	(8.0)
Exceptional IPO related cost		**(21.0)**	–
Tax paid		**(15.7)**	(12.3)
Net cash flows from operating activities		**133.8**	138.1
Cash flows from investing activities			
Dividends received from associates	11	**1.2**	2.2
Interest received		**0.8**	1.5
Proceeds from disposal of business	11	**0.2**	–
Purchase of minority share	10	**–**	(0.8)
Purchase of property, plant and equipment	9	**(72.8)**	(82.4)
Purchase of other intangible assets	10	**(3.2)**	(4.4)
Net cash flows from investing activities		**(73.8)**	(83.9)
Cash flows from financing activities			
Proceeds from share issue	20	**467.1**	–
Repayment of bank loan	16	**(1,009.8)**	–
Repayment of finance leases and other loans		**(1.2)**	(4.4)
Borrowings under new debt facility		**510.0**	–
Interest paid		**(25.9)**	(35.7)
Dividends paid to minorities	20	**(3.6)**	(2.5)
Capital contribution from minorities		**–**	8.8
Exceptional IPO related cost			
Settlement of the obligations to the B1 investors		**(32.0)**	–
Other transaction costs		**(10.7)**	–
Net cash flows from financing activities		**(106.1)**	(33.8)
Net (decrease)/increase in cash and cash equivalents		**(46.1)**	20.4
Cash and cash equivalents at beginning of the year		**182.1**	162.2
Effect of exchange rate fluctuations on cash and cash equivalents		**(2.7)**	(0.5)
Cash and cash equivalents at end of the year		**133.3**	182.1

Reconciliation of net cash flow to movement in net debt

	Notes	**2014 £m**	2013 £m
(Decrease)/increase in cash in the period		**(46.1)**	20.4
Cash outflow from decrease in debt and finance leases		**501.0**	4.4
Change in net debt resulting from cash flows		**454.9**	24.8
New finance leases		**–**	(1.0)
Translation differences		**43.9**	(17.9)
Other non-cash changes		**0.5**	(1.2)
Decrease in net debt in the period		**499.3**	4.7
Net debt at beginning of the period		**(870.4)**	(875.1)
Net debt at end of the period	23	**(371.1)**	(870.4)

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. 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 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 £0.1 million.

The financial statements are prepared on the historical cost basis except for the derivative financial instruments that are stated at their fair value.

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 have been prepared on a going concern basis, in support of which the Board has reviewed the Group's trading forecasts for the next 12 months. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by segment and by month and take account of the normal seasonality profile of the business. As a result, the Directors are confident that the assumptions underlying their forecasts are reasonable and that the Group will be able to operate within its banking covenants and available liquidity headroom.

Notwithstanding the above, however, there remains a risk that a downturn in the global economy could result in passenger numbers and consumer spending in the travel market that are worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts that include sensitivities that make allowance for this risk. Should such a scenario arise the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare these financial statements on a going concern basis.

1.3 Basis of consolidation

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 exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. 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 and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.
Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the investors' unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method and are initially recognised at cost. The Group's investment in associates and jointly controlled entities 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 or joint control commences until the date that significant influence or joint control 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.

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling 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.

Financial statements

Notes to consolidated financial statements continued

1. Accounting policies continued

1.4 Foreign currency continued

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 the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss 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 profit or loss.

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 equity in the translation reserve. 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, 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 profit or loss as an adjustment to the profit or loss on disposal.

1.5 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:

(a) 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

(b) 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.

1.6 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.

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 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.

1.7 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, as set out below.

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 equity are recycled into profit or loss 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 covered by the preceding two policy statements, 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).

1.8 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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are 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 — 2% per annum
- Leasehold land and buildings — the life of the lease
- Plant and machinery — 8% to 33% per annum
- Fixtures, fittings, tools and equipment — 8% to 33% per annum

1.9 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.

1.10 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.

1.11 Goodwill and intangible assets

Goodwill

Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Goodwill is stated at cost less any accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets (between 7% and 11% per annum) unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

1.12 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.

Financial statements

Notes to consolidated financial statements continued

1. Accounting policies continued

1.13 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired 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 each period at the same time.

The recoverable amount of an asset or cash-generating unit (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 (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

1.14 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 profit or loss.

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 profit or loss. 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 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 Group 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 and others providing similar services 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 profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

1.15 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 a rate that reflects risks specific to the liability.

1.16 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, 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.

1.17 Revenue
Turnover represents amounts for retail goods and catering services supplied to third parties excluding value-added tax and similar sales taxes. Turnover is recognised at the time of sale of retail goods or in the period in which services are provided.

1.18 Exceptional items
Exceptional items are those that in management's judgment 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.

1.19 Lease payments

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. 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.

1.20 Finance income and expense
Finance income comprises interest receivable on funds invested, dividend income and net foreign exchange gains. Finance expense comprises interest payable, finance charges on shares classified as liabilities, finance lease charges recognised in the income statement using the effective interest method, 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. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

1.21 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.

Financial statements

Notes to consolidated financial statements continued

1. Accounting policies continued

1.21 Taxation continued
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.

1.22 IFRSs not yet applied
The following EU-endorsed IFRSs have been issued but have not yet been adopted by the Group in preparing these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
- Recoverable Amount Disclosures for Non-financial Assets – Amendments to IAS 36

1.23 Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous period except for the following new and amended IFRSs adopted as of 1 October 2013:

- Defined Benefit Plans – Amendments to IAS 19
- IFRS 13 Fair Value Measurement

Post-employment defined benefit plans
As a result of adopting IAS 19 (2011) the Group's accounting policy for calculating the income or expense relating to its post-employment defined benefit plans has changed.

IAS 19 (2011) replaces interest cost on gross pension liabilities and expected return on gross pension assets with a net finance expense/(income) on the net defined benefit liability/(asset) calculated using the rate currently used to discount defined benefit pension liabilities. Previously, the Group determined return on plan assets based on their long-term rate of expected return.

Fair Value Measurement
IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

As a result, the Group has included additional disclosures in this regard. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for the new disclosures.

The adoption of these accounting standards has not had a significant impact on the consolidated financial statements of the Group.

2. Accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates, judgments 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.

Goodwill and intangible assets
The Group recognises goodwill and 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. For other intangible assets, reviews are performed if events or circumstances indicate that this is necessary.

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 are set out in note 10 to these financial statements.

Underlying and non-underlying presentation

The Group presents underlying income statement measures for operating profit and profit for the period within the consolidated income statement and throughout the annual report in order to provide clear and useful information on the Group's underlying trading performance. The underlying measures exclude exceptional items, which in 2014 and 2013 comprised exceptional redundancy and restructuring costs, costs in respect of the IPO and associated refinancing, an exceptional goodwill write-off, and costs related to acquisition and disposals of businesses. They also exclude non-cash accounting adjustments relating to amortisation of intangible assets arising on acquisition of the Group by EQT in 2006.

The determination of whether an item should be separately disclosed as an exceptional item or other adjustments requires judgement on its nature, size and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

3. 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, France, Belgium, the Netherlands, Germany, Switzerland, Austria and Spain; North America includes operations in the United States and Canada; and RoW includes operations in Eastern Europe, the Middle East and Asia Pacific.

The Group's management assesses the performance of the 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 costs associated with the Group's head office function and depreciation of central assets.

Revenue is measured in a manner consistent with that in the income statement.

2014	**UK £m**	**Continental Europe £m**	**North America £m**	**RoW £m**	**Non-attributable £m**	**Total £m**
Revenue	**720.5**	**803.5**	**168.0**	**135.1**	**–**	**1,827.1**
Underlying operating profit/(loss)	**40.0**	**57.4**	**(0.1)**	**12.7**	**(21.5)**	**88.5**

2013	UK £m	Continental Europe £m	North America £m	RoW £m	Non-attributable £m	Total £m
Revenue	709.0	833.9	151.6	132.7	–	1,827.2
Underlying operating profit/(loss)	34.3	54.0	(1.2)	13.4	(21.7)	78.8

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.

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	**2014 £m**	2013 £m
Air	**949.8**	933.3
Rail	**756.0**	767.7
Other	**121.3**	126.2
	1,827.1	1,827.2

The following amounts are included in underlying operating profit:

2014	**UK £m**	**Continental Europe £m**	**North America £m**	**RoW £m**	**Non-attributable £m**	**Total £m**
Depreciation and amortisation*	**(22.4)**	**(29.9)**	**(14.0)**	**(5.2)**	**(4.2)**	**(75.7)**
2013						
Depreciation and amortisation*	(23.7)	(29.8)	(12.0)	(4.2)	(4.2)	(73.9)

* Excludes amortisation of acquisition-related intangible assets.

Financial statements

Notes to consolidated financial statements continued

3. Segmental reporting continued

A reconciliation of underlying operating profit to (loss)/profit before and after tax is provided as follows:

	2014 £m	2013 £m
Underlying operating profit	**88.5**	78.8
Adjustments to operating costs	**(48.5)**	(11.6)
Share of profit from associates	**1.5**	2.4
Goodwill written off	**–**	(10.5)
Loss on disposal of business	**(0.7)**	–
Finance income	**0.8**	1.6
Finance expense	**(55.1)**	(44.5)
(Loss)/profit before tax	**(13.5)**	16.2
Taxation	**(14.3)**	(13.9)
(Loss)/profit after tax	**(27.8)**	2.3

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.

4. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the result for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings/(loss) per share is calculated by dividing the result for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period adjusted by potentially dilutive outstanding share options. In accordance with IAS 33, the dilutive earnings per share are without reference to adjustments in respect of outstanding share options where the impact would be anti-dilutive.

Underlying earnings per share is calculated the same way except that the result for the period attributable to ordinary shareholders is adjusted for specific items as detailed below:

	2014 £m	2013 (restated)* £m
Loss attributable to ordinary shareholders	**(31.9)**	(1.2)
Adjustments:		
Exceptional operating costs	**43.2**	6.3
Amortisation of acquisition-related intangibles	**5.3**	5.3
Goodwill written off on closure of business units	**–**	10.5
Loss on disposal of business	**0.7**	–
Exceptional finance costs	**26.1**	–
Tax effect of adjustments	**(3.6)**	(0.1)
Underlying profit attributable to ordinary shareholders	**39.8**	20.8
Basic weighted average number of shares	**299,493,591**	252,570,015
Dilutive potential ordinary shares	**113,880**	–
Diluted weighted average number of shares	**299,607,471**	252,570,015
Loss per share (pence):		
– Basic	**(10.7)**	(0.5)
– Diluted	**(10.7)**	(0.5)
Underlying earnings per share (pence):		
– Basic	**13.3**	8.2
– Diluted	**13.3**	8.2

* As part of the preparation for the IPO, a capital reorganisation was carried out on 15 July 2014 which resulted in an increase in the number of ordinary shares in issue increasing with no corresponding increase in resources. The earnings/(loss) per share figures have been adjusted retrospectively as required by IAS 33.

5. Operating costs

	2014 £m	2013 £m
Cost of food and materials:		
Cost of inventories consumed in the period	**(612.1)**	(614.7)
Labour cost:		
Employee remuneration	**(541.8)**	(559.0)
Overheads:		
Depreciation of property, plant and equipment	**(72.5)**	(70.6)
Amortisation of intangible assets – software	**(3.2)**	(3.3)
Amortisation of acquisition-related intangible assets	**(5.3)**	(5.3)
Rentals payable under operating leases	**(301.8)**	(296.0)
Other overheads	**(207.2)**	(204.8)
Exceptional operating costs	**(43.2)**	(6.3)
	(1,787.1)	(1,760.0)

Adjustments to operating costs

	2014 £m	2013 £m
Redundancy and restructuring costs[1]	**(9.5)**	(6.3)
Costs in respect of the IPO[2]	**(26.6)**	–
Share-based payments[3]	**(7.1)**	–
Exceptional operating costs	**(43.2)**	(6.3)
Amortisation of intangible assets arising on acquisition	**(5.3)**	(5.3)
	(48.5)	(11.6)

Underlying operating profit excludes items that are considered to be exceptional in nature. For the years reported, these comprised redundancy and restructuring costs and costs in respect of the IPO and associated refinancing. It also excluded non-cash accounting adjustments relating to amortisation of intangible assets arising on acquisition of the Group by EQT in 2006.

The exceptional costs charged to operating profit are detailed below (see note 7 for details of exceptional finance costs):

1 The redundancy and restructuring costs are associated with a number of significant organisation changes.

2 Certain professional and advisory fees have been incurred in 2014 as part of the process of listing the Company's shares to the London Stock Exchange through an Initial Public Offering. In addition, costs of £3.7 million have been recognised directly in equity (as a charge to share premium, see note 20).

3 The Group also incurred a charge of £7.1m in 2014 in respect of an aggregate of 3,329,904 ordinary shares awarded by the Company's previous majority shareholder to the Executive Directors and certain other members of management at the time of the Company's Admission to the LSE.

Auditor's remuneration:

	2014 £m	2013 £m
Audit of these financial statements	**0.2**	0.1
Audit of financial statements of subsidiaries pursuant to legislation	**0.6**	0.6
Tax compliance services	**0.2**	0.1
Non-audit services in relation to the IPO	**2.1**	–
Other non-audit services	**–**	0.1
	3.1	0.9

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 instead to be disclosed on a consolidated basis.

Financial statements

Notes to consolidated financial statements continued

6. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Operations	**27,813**	27,836
Sales and marketing	**475**	486
Administration	**1,169**	1,207
	29,457	29,529

The aggregate payroll costs of the Group were as follows:

	2014 £m	2013 £m
Wages and salaries	**(474.6)**	(492.0)
Social security costs	**(57.4)**	(58.4)
Other pension costs	**(9.5)**	(8.6)
Share-based payments (note 21)	**(0.3)**	–
	(541.8)	(559.0)

7. Finance income and expense

	2014 £m	2013 £m
Finance income:		
Interest income	**0.8**	1.5
Net interest income on defined benefit pension obligations	**–**	0.1
Total finance income	**0.8**	1.6
Finance expense:		
Total interest expense on financial liabilities measured at amortised cost[2,3]	**(44.9)**	(34.6)
Net change in fair value of cash flow hedges utilised in the year	**(3.0)**	(6.8)
Swap break costs[1]	**(4.0)**	–
Unwind of discount on provisions	**(1.6)**	(1.6)
Net interest expense on defined benefit pension obligations	**(0.6)**	–
Net foreign exchange losses	**–**	(0.5)
Other	**(1.0)**	(1.0)
Total finance expense	**(55.1)**	(44.5)

Adjustments to finance expense:

	2014 £m	2013 £m
Swap break costs[1]	**(4.0)**	–
Additional consideration payable to B1 investors[2]	**(32.0)**	–
Other net interest credit[3]	**9.9**	–
	(26.1)	–

As explained in note 16, the Company listed its shares on the London Stock Exchange on 15 July 2014 and on the same day restructured its debt facilities, resulting in the following items:

1 Interest rate swaps were terminated, resulting in an exceptional charge of £4.0m.

2 The Company paid £32.0m additional consideration as settlement of its obligations to the B1 investors.

3 Unamortised fees of £4.6m relating to the Group's pre-IPO financing arrangements were written off in full. In addition, interest accrued of £14.5m relating to an effective interest rate adjustment on the pre-IPO loans was written back to the income statement.

8. Taxation

	2014 £m	2013 £m
Current tax expense:		
Current year	**(12.2)**	(13.3)
Adjustments for prior years	**(0.1)**	(2.6)
	(12.3)	(15.9)
Deferred tax expense:		
Origination and reversal of temporary differences	**(1.9)**	1.3
Adjustments for prior years	**(0.1)**	0.7
	(2.0)	2.0
Total tax expense	**(14.3)**	(13.9)

Reconciliation of effective tax rate

The tax expense for the year is different to the standard rate of corporation tax in the UK of 22% (2013: 23.5%) applied to the loss (2013: profit) before tax for the year. The differences are explained below:

	2014 £m	2013 £m
(Loss)/profit before taxation	**(13.5)**	16.2
Tax credit/(charge) using the UK corporation tax rate of 22% (2013: 23.5%)	**3.0**	(3.8)
Non-deductible expenses	**(1.4)**	(2.0)
Exceptional item – goodwill written off	**–**	(2.4)
Exceptional operating and finance costs (non-deductible)	**(12.4)**	–
Withholding taxes	**(0.6)**	(0.3)
Effect of tax rates in foreign jurisdictions	**1.5**	0.7
Temporary differences for which no deferred tax was recognised	**(2.9)**	(2.8)
Adjustments for prior years	**(0.2)**	(1.9)
Other	**(1.3)**	(1.4)
Total tax expense	**(14.3)**	(13.9)

Factors that may affect future tax charges

The Group expects the tax rate in the future to be affected by the geographical mix of profits and the different tax rates that will apply to those profits.

The main rate of corporation tax in the UK will reduce to 20% in April 2015.

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9. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Equipment, fixtures and fittings £m	Total £m
Cost			
At 1 October 2012	97.8	587.9	685.7
Additions	13.2	69.2	82.4
Disposals	(7.2)	(30.5)	(37.7)
Effects of movements in foreign exchange	(1.4)	6.6	5.2
Other movements	(0.2)	4.8	4.6
At 30 September 2013	102.2	638.0	740.2
Additions	12.7	60.1	72.8
Disposals	(13.4)	(65.3)	(78.7)
Effects of movements in foreign exchange	(2.1)	(24.4)	(26.5)
Other movements	14.9	(15.3)	(0.4)
At 30 September 2014	**114.3**	**593.1**	**707.4**
Depreciation			
At 1 October 2012	(68.2)	(423.2)	(491.4)
Charge for the period	(9.5)	(61.1)	(70.6)
Disposals	7.2	30.5	37.7
Effects of movements in foreign exchange	0.7	(5.1)	(4.4)
Other movements	(0.1)	(1.4)	(1.5)
At 30 September 2013	(69.9)	(460.3)	(530.2)
Charge for the period	(11.8)	(60.7)	(72.5)
Disposals	13.4	65.3	78.7
Effects of movements in foreign exchange	1.2	16.9	18.1
Other movements	(5.5)	5.9	0.4
At 30 September 2014	**(72.6)**	**(432.9)**	**(505.5)**
Net book value			
At 30 September 2014	**41.7**	**160.2**	**201.9**
At 30 September 2013	32.3	177.7	210.0
At 1 October 2012	29.6	164.7	194.3

At 30 September 2014 the net carrying amount of plant and machinery held under finance leases was £1.6m (2013: £3.0m). Depreciation for the year on these assets was £1.4m (2013: £1.4m). The leased equipment secures lease obligations.

10. Goodwill and intangible assets

	Goodwill £m	Indefinite life intangible assets £m	Definite life intangible assets £m	Software £m	Total £m
Cost					
At 1 October 2012	614.0	57.8	58.5	24.7	755.0
Additions	0.8	–	–	4.4	5.2
Disposals (see below)	(10.5)	–	–	(0.1)	(10.6)
Effects of movement in foreign exchange	3.0	0.1	0.2	0.2	3.5
At 30 September 2013	607.3	57.9	58.7	29.2	753.1
Additions	–	–	–	3.2	3.2
Disposals	–	–	–	(0.1)	(0.1)
Effects of movement in foreign exchange	(30.5)	(0.2)	(0.4)	0.1	(31.0)
Other movements	–	–	–	0.4	0.4
At 30 September 2014	**576.8**	**57.7**	**58.3**	**32.8**	**725.6**
Amortisation					
At 1 October 2012	–	–	(31.6)	(17.9)	(49.5)
Charge for the period	–	–	(5.3)	(3.3)	(8.6)
Disposals	–	–	–	0.1	0.1
Effect of movements in foreign exchange	–	–	(0.2)	(0.1)	(0.3)
At 30 September 2013	–	–	(37.1)	(21.2)	(58.3)
Charge for the period	–	–	(5.3)	(3.2)	(8.5)
Disposals	–	–	–	0.1	0.1
Effect of movements in foreign exchange	–	–	0.4	0.1	0.5
Other movements	–	–	–	(0.4)	(0.4)
At 30 September 2014	**–**	**–**	**(42.0)**	**(24.6)**	**(66.6)**
Net book value					
At 30 September 2014	**576.8**	**57.7**	**16.3**	**8.2**	**659.0**
At 30 September 2013	607.3	57.9	21.6	8.0	694.8
At 1 October 2012	614.0	57.8	26.9	6.8	705.5

Goodwill relates to the acquisition of the SSP business in June 2006 through the purchase of various Compass Group plc subsidiaries by various subsidiaries of the Company.

During the year ended 30 September 2013, the Group ceased operations in a number of smaller business units. Related goodwill of £10.5m, that arose at the time of the acquisition in 2006, was written off in the year.

The indefinite life intangible assets relate to the Group's own brands and the definite life intangible assets relate to franchise rights in respect of third-party brands.

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10. Goodwill and intangible assets continued

Impairment tests for goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are allocated to the Group's CGUs identified according to operating segment. Details of goodwill and indefinite life intangible assets allocated to CGUs or groups of CGUs are provided in the table below:

	Goodwill		Indefinite life intangible assets	
	2014 £m	2013 £m	**2014 £m**	2013 £m
UK	**169.0**	171.3	**55.5**	55.6
Continental Europe	**332.7**	358.9	**2.2**	2.3
North America	**11.8**	11.9	**–**	–
Rest of the World	**63.3**	65.2	**–**	–
	576.8	607.3	**57.7**	57.9

The Group tests goodwill and indefinite life intangible assets annually for impairment. This did not result in any impairment in the year (2013: £nil).

The recoverable amount of all CGUs is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets and forecasts approved by the Board. The key assumptions for these calculations are shown below:

2014	**UK**	**Continental Europe**	**North America**	**RoW**
Growth rate applied beyond approved forecast period	**2%**	**2% to 3%**	**2%**	**5%**
Discount rate[1]	**8.1%**	**7.5% to 8.5%**	**7.5%**	**7.5% to 11.5%**
Forecast period	**5 years**	**5 years**	**5 years**	**5 years**

2013	UK	Continental Europe	North America	RoW
Growth rate applied beyond approved forecast period	2%	2% to 3%	2%	2% to 5%
Discount rate	11.3%	11.3% to 12.8%	11.3%	11.3% to 16.9%
Forecast period	5 years	5 years	5 years	5 years

[1] The rate used to discount future cash flows has decreased in 2014 as a result of changes to the key assumptions, such as the ratio of debt to equity and the cost of debt, following the IPO and refinancing in the year.

The values applied to the key assumptions in the value in use calculations are derived from a combination of external and internal factors, based on past experience together with management's future expectations about business performance.

Sensitivity analysis

A sensitivity analysis has been performed in assessing the recoverability of goodwill and indefinite life intangible assets. For each operating segment, an increase of 0.5% in the discount rate or a decrease in the growth rate of 0.5% would not result in the carrying amount for any CGU or groups of CGUs exceeding its recoverable amount.

11. Investments in subsidiaries and associates

The principal undertakings of the Group at the end of the reporting period are as follows:

	Place of incorporation and principal place of operation	Principal activity (catering and/or retail concessions operator unless otherwise stated)	Class and percentage of shares held (100% ordinary shares unless otherwise stated)
SSP Group Holdings Limited	England & Wales	Holding company	*
SSP Financing Limited	England & Wales	Holding/Financing company	
SSP Financing UK Limited	England & Wales	Holding/Management services	
SSP Belgium SPRL	Belgium		
SSP Canada Food Service Inc	Canada		
SSP Shanghai Co. Limited	China		
Select Service Partner Denmark A/S	Denmark		
SSP Egypt JSC	Egypt		
Select Service Partner UK Limited	England & Wales		
Rail Gourmet UK Limited	England & Wales		
Select Service Partner Finland OY	Finland		
Select Service Partner SAS	France		
SSP Deutschland GmbH	Germany		
Select Service Partner Hong Kong Limited	Hong Kong		
Select Service Partner Ireland Limited	Ireland		
Select Service Partner AS	Norway		
Select Service Partner SAU	Spain		
Scandinavian Service Partner AB	Sweden		
Select Service Partner (Schweiz) AG	Switzerland		
SSP America Inc	United States		
Railrest SA	Belgium		49%
Avecra Oy	Finland		40%

* Holding held directly by the Company.

The subsidiaries disclosed are limited to undertakings whose results or financial position significantly affect the figures in the Group accounts. A full list of Group undertakings as required by the Companies Act 2006 will be annexed to the next Annual Return of SSP Group plc.

The Group's share of the results of its associates, all of which are unlisted, and its share of the aggregated assets and liabilities, are as follows:

	2014 £m	2013 £m
Assets	**8.8**	15.9
Liabilities	**(6.5)**	(13.1)
Revenue	**38.3**	57.4
Profit	**1.5**	2.4

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11. Investments in subsidiaries and associates continued

The following table summarises the movement in investments in associates during the year:

	2014 £m	2013 £m
At beginning of the year	**5.3**	5.2
Profits for the year	**1.5**	2.4
Dividends received	**(1.2)**	(2.2)
Disposal (see below)	**(0.7)**	–
Currency adjustment	**(0.3)**	(0.1)
At end of the year	**4.6**	5.3

During the year, the Group sold its 49% share in Momentum Services Limited for a cash consideration of £0.2m, resulting in loss on disposal of £0.7m (2013: £nil).

12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2014 £m	2013 £m	2014 £m	2013 £m
Intangible assets	**–**	–	**(8.9)**	(9.5)
Property, plant and equipment	**4.2**	5.1	**(2.3)**	(2.8)
Provisions	**0.6**	1.2	**–**	–
Tax loss carry forwards	**3.0**	4.2	**–**	–
Other	**0.1**	–	**(2.2)**	(1.3)
Deferred tax assets/(liabilities)	**7.9**	10.5	**(13.4)**	(13.6)
Set-off of tax	**(5.4)**	(7.5)	**5.4**	7.5
Deferred tax assets/(liabilities)	**2.5**	3.0	**(8.0)**	(6.1)

Movement in net deferred tax during the year:	1 October 2013 £m	Recognised in the year £m	Currency adjustment £m	30 September 2014 £m
Intangible assets	(9.5)	0.6	–	**(8.9)**
Property, plant and equipment	2.3	(0.2)	(0.2)	**1.9**
Provisions	1.2	(0.6)	–	**0.6**
Tax loss carry forwards	4.2	(1.0)	(0.2)	**3.0**
Other	(1.3)	(0.8)	–	**(2.1)**
	(3.1)	**(2.0)**	**(0.4)**	**(5.5)**

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities in these financial statements are attributable to the following:

	Assets		Liabilities	
	2014 £m	2013 £m	2014 £m	2013 £m
Property, plant and equipment	**18.0**	16.0	**–**	–
Tax losses	**72.9**	65.9	**–**	–
Provisions	**5.9**	9.8	**–**	–
	96.8	91.7	**–**	–

The above deferred tax assets have not been recognised because of either uncertainty over the future profitability of individual companies within the Group to which the deferred tax assets relate or because the specific tax losses are subject to restrictions on use or forfeiture as a result of change of ownership rules in certain jurisdictions, which may apply following the IPO. £28.9m of the unrecognised asset relates to tax losses which start to expire in 2027.

12. Deferred tax assets and liabilities continued

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries based on the current repatriation policy of the Group and the fact that, given the current tax regimes in the countries in which the Group operates, only an insignificant amount of withholding tax would arise should the Group choose to remit the earnings of certain subsidiaries.

13. Inventories

	2014 £m	2013 £m
Food and beverages	**20.4**	22.4
Other	**4.0**	2.4
	24.4	24.8

14. Trade and other receivables

	2014 £m	2013 £m
Trade receivables	**33.5**	32.0
Other receivables[1]	**50.5**	43.8
Prepayments and accrued income	**33.0**	35.1
	117.0	110.9
Of which:		
Non-current (other receivables)	**27.9**	24.2
Current	**89.1**	86.7

[1] Other receivables include long term security deposits of £24.8m (2013: £20.3m) relating to some of the Group's concession agreements.

15. Cash and cash equivalents

	2014 £m	2013 £m
Cash at bank and in hand	**86.0**	94.6
Short-term bank deposits	**47.3**	87.5
	133.3	182.1

16. Short-term and long-term borrowings

	2014 £m	2013 £m
Current liabilities		
Bank loans	**(28.6)**	–
Finance leases	**(1.2)**	(1.4)
	(29.8)	(1.4)
Non-current liabilities		
Bank loans	**(473.3)**	(1,048.7)
Finance leases	**(1.3)**	(2.4)
	(474.6)	(1,051.1)

Bank loans

Following the IPO on 15 July 2014, the Group restructured its debt, resulting in the following changes to the Group's financing arrangements:

- The Group repaid its pre-IPO Facility A and Term B1 debt amounting to £1,009.8m.
- The Group terminated its interest rate swaps, resulting in an exceptional charge of £4.0m.
- Unamortised arrangement fees of £4.6m relating to the Group's pre-IPO financing arrangements were written off in full. In addition, interest accrued of £14.5m relating to an effective interest rate adjustment on the pre-IPO loans was written back to the income statement.
- The Company paid £32.0m additional consideration on the settlement of its obligations to the B1 investors (effectively the lenders of the Term B1 debt).

Notes to consolidated financial statements continued

16. Short-term and long-term borrowings continued

- The Group borrowed new Facility A debt (amounting to £254.1m as at 30 September 2014). This debt matures on 15 July 2019 and accrues cash-pay interest at LIBOR (or equivalent benchmark rate) plus a margin of approximately 2.5% per annum. In 2014, the margin was 2.5%. In accordance with the facility agreement, the margin level can fall in increments of 0.25% to no lower than 1.75%, should the Group meet the required criteria. Facility A debt also requires mandatory payment of 11.7% of the debt annually in July.
- The Group borrowed new Facility B debt (amounting to £254.1m as at 30 September 2014). This debt matures on 15 July 2019 and accrues cash-pay interest at LIBOR (or equivalent benchmark rate) plus a margin of approximately 2.75% per annum. In 2014, the margin was 2.75%. In accordance with the facility agreement, the margin level can fall in increments of 0.25% to no lower than 2.00%, should the Group meet the required criteria.
- Arrangement fees associated with the refinancing amounted to £6.7m. These costs were capitalised and offset against the amount of the bank loan in the year.
- The Group entered into a committed Revolving Credit Facility facility of £75.0m, which was undrawn at 30 September 2014.
- On 15 September 2014, the Group also entered into new interest rate swap contracts to hedge 90% of its floating interest rate exposure, which exchanged 90% of the Group's interest rate exposure from floating to fixed rates for the next two years and 75% for the remaining term of the facilities (see note 23 for details of the Group's interest rate profile).
- Under the new financing agreement, the Group has to comply with covenants relating to Net Debt Cover and Interest Cover. These covenants will be assessed bi-annually.

Bank loans are shown net of unamortised arrangement fees totalling £6.4m at 30 September 2014 (2013: £5.9m).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2014 £m	2013 £m
Less than 1 year	**(1.2)**	(1.4)
Between 1 and 5 years	**(1.1)**	(2.0)
More than 5 years	**(0.2)**	(0.4)
	(2.5)	(3.8)

17. Trade and other payables

	2014 £m	2013 £m
Current		
Trade payables	**(81.2)**	(94.8)
Other payables	**(118.1)**	(86.7)
Other taxation and social security	**(16.7)**	(19.3)
Accruals and deferred income	**(124.8)**	(120.7)
	(340.8)	(321.5)
Non-current		
Other payables	–	(0.4)

18. 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 £8.6m (2013: £7.7m) 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 also operates a combination of funded and unfunded defined benefit schemes across Europe, the respective net plan liabilities of which are presented below:

	2014 £m	2013 £m
Funded schemes (see (a) below)	**(9.1)**	(6.8)
Unfunded schemes (see (b) below)	**(8.8)**	(8.2)
	(17.9)	(15.0)

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 £1.0m in contributions to its defined benefit plans in 2015. As at 30 September 2014, the weighted average duration of the defined benefit obligation was 20.9 years (2013: 21.4 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 operates the Rail Gourmet UK Scheme ('RG scheme'), which is a final salary scheme and provides benefits linked to salary at retirement or earlier date of leaving service. The RG scheme covers permanent managerial, administrative and sales staff of Rail Gourmet UK Limited and is closed to new entrants.

In June 2012, it was agreed with the Trustees of the RG scheme that from 1 July 2012 the Company contributions would remain at 13.5% of pensionable pay (with members paying 9%), from 1 July 2013 the Company contributions would increase to 15% (with employees paying 10%) and from 1 July 2014 the Company contributions would increase to 16.5% (with employees paying 11%) until the results of the next formal actuarial review are known.

The RG scheme was subject to its last full actuarial valuation by a qualified independent actuary as at 31 December 2011. This valuation has been updated for IAS 19 (revised) purposes for the period ended 30 September 2014 by a qualified independent actuary.

Major assumptions used in the valuation of the funded schemes on a weighted average basis are set out below:

	2014	2013
Discount rate applied to scheme liabilities	**3.8%**	4.4%
Rate of increase in salaries	**3.2%**	3.5%
Rate of increase in pensions in payment	**1.7%**	2.1%
Inflation assumption	**3.2%**	3.5%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 60:

	2014	2013
Male pensioner now aged 60	**26.1**	26.1
Female pensioner now aged 60	**28.6**	28.6
Male pensioner now aged 40	**26.8**	26.7
Female pensioner now aged 40	**29.7**	29.6

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18. Post-employment benefit obligations continued

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 2014	**Increase £m**	**Decrease £m**
Discount rate applied to scheme liabilities	**6.7**	**(7.7)**
Rate of increase in salaries	**(2.9)**	**2.0**
Rate of increase in pensions in payment	**(4.2)**	**4.2**
Inflation assumption	**(6.2)**	**4.8**
Mortality rates (change of 1 year)	**(1.3)**	**1.1**

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:

	2014	2013
Equities, of which:	**38.1%**	68.2%
– *actively traded*	***72.7%***	*84.4%*
Property and infrastructure	**14.4%**	8.8%
Fixed interest investments	**38.0%**	22.3%
Cash	**9.5%**	0.7%
Total assets related to:		
– RG scheme	**81.2%**	79.8%
– Norway	**18.8%**	20.2%

The fair value of the scheme assets and the present value of the scheme's liabilities of the funded schemes were:

	2014 £m	2013 £m
Fair value of scheme assets	**34.6**	32.7
Present value of funded liabilities	**(43.7)**	(39.5)
Net pension liability	**(9.1)**	(6.8)

The following amounts have been charged or credited in arriving at the loss (2013: profit) for the year:

	2014 £m	2013 £m
Current service cost (reported in employee remuneration)	**(0.8)**	(0.7)
Net interest on pension scheme liabilities (reported in finance income and expense)	**(0.4)**	0.4
Total amount charged	**(1.2)**	(0.3)

Changes in the present value of the scheme liabilities are as follows:

	2014 £m	2013 £m
Scheme liabilities at beginning of the period	**(39.5)**	(38.0)
Current service cost	**(0.8)**	(0.7)
Curtailment	**0.6**	–
Employee contributions	**(0.1)**	(0.1)
Interest on pension scheme liabilities	**(1.7)**	(1.3)
Remeasurements:		
– arising from changes in financial assumptions	**(1.7)**	(0.2)
– arising from changes in experience adjustments	**(2.8)**	(0.9)
Benefits paid	**1.7**	1.3
Currency adjustment	**0.6**	0.4
Scheme liabilities at end of the period	**(43.7)**	(39.5)

Changes in the fair value of the scheme assets are as follows:

	2014 £m	2013 £m
Scheme assets at beginning of the period	**32.7**	31.6
Interest income	**1.3**	1.7
Employer contributions	**0.7**	0.7
Employee contributions	**0.1**	0.1
Remeasurement: return on plan assets excluding interest income	**1.8**	0.3
Benefits paid	**(1.7)**	(1.3)
Currency adjustment	**(0.3)**	(0.4)
Scheme assets at end of the period	**34.6**	32.7

The following amounts have been recognised in other comprehensive income:

	2014 £m	2013 £m
Remeasurements	**(2.7)**	(0.8)

(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 provide 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 (revised) and have been updated for the period ended 30 September 2014 by a qualified independent actuary. The major assumptions (on a weighted average basis) used in these valuations were:

	2014	2013
Rate of increase in salaries	**2.0%**	2.0%
Rate of increase in pensions in payment and deferred pensions	**1.6%**	1.6%
Discount rate applied to scheme liabilities	**2.1%**	3.3%
Inflation assumption	**1.8%**	1.8%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2014	2013
Pensioner now aged 65	**21.2**	21.1
Pensioner now aged 40	**24.2**	24.1

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18. Post-employment benefit obligations continued

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 2014	Increase £m	Decrease £m
Discount rate applied to scheme liabilities	**1.0**	**(1.1)**
Rate of increase in salaries	**(0.3)**	**0.4**
Rate of increase in pensions in payment	**(0.8)**	**0.5**
Inflation assumption	**(1.6)**	**0.9**
Mortality rates (change by 1 year)	**(0.3)**	**0.2**

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 present value of the scheme's liabilities of the unfunded schemes was:

	2014 £m	2013 £m
Net pension liability	**(8.8)**	(8.2)

The movement in the liability during the period was as follows:

	2014 £m	2013 £m
Deficit in the schemes at start of the period	**(8.2)**	(7.5)
Current service cost	**(0.1)**	(0.2)
Contributions	**0.4**	0.5
Interest on pension scheme liabilities	**(0.2)**	(0.3)
Remeasurements:		
– arising from changes in financial assumptions	**(1.1)**	(0.3)
– arising from changes in experience adjustments	**(0.1)**	–
Currency adjustment	**0.5**	(0.4)
Deficit in the schemes at end of the period	**(8.8)**	(8.2)

The following amounts have been charged in arriving at loss (2013: profit) for the year in respect of these schemes:

	2014 £m	2013 £m
Current service cost (reported in employee remuneration)	**(0.1)**	(0.2)
Interest on pension scheme liabilities (reported in finance income and expense)	**(0.2)**	(0.3)
Total amount charged	**(0.3)**	(0.5)

The following amounts have been recognised directly to other comprehensive income:

	2014 £m	2013 £m
Remeasurements	**(1.2)**	(0.3)

19. Provisions

	Onerous contracts £m	Other £m	Total £m
At 1 October 2013	(5.3)	(7.5)	(12.8)
Unwind of discount	(0.6)	(1.0)	(1.6)
Utilised in the year	1.6	1.2	2.8
At 30 September 2014	**(4.3)**	**(7.3)**	**(11.6)**

Provision for onerous contracts is 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.

Other provisions represent 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 vary between one and ten years in length.

20. Capital and reserves

Share capital

	Number of shares	Share capital £m	Share premium £m
Issued, called up and fully paid:			
Ordinary shares of £0.01 each	19,999,999	0.2	129.6
Preferred ordinary shares of £0.01 each	200,000	–	1.0
Class B preference shares of £0.01 each	99,831,700	1.0	98.8
Deferred ordinary shares of £0.01 each	417,670,000	4.2	413.5
At 30 September 2013	537,701,699	5.4	642.9
Capital reduction	–	(4.2)	(642.9)
Cancellation of deferred ordinary shares	(417,670,000)	–	–
Capital reorganisation	133,695,179	2.5	–
Shares issued in the period	222,429,939	2.2	461.2
At 30 September 2014	**476,156,817**	**5.9**	**461.2**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01 each	**474,999,954**	**4.7**	**461.2**
Deferred shares of £1.00 each	**1,156,863**	**1.2**	**–**
	476,156,817	**5.9**	**461.2**

The Group's capital structure was reorganised during 2014 in preparation for the IPO.

On 30 June 2014, a capital reduction was completed in accordance with the terms of a special resolution under which:

(i) the share premium account of the Company (an amount of £642.9m) was cancelled and extinguished, and

(ii) the issued deferred ordinary share capital of the Company was reduced from £4.2m to £1 by reducing the nominal value of each deferred share.

Following the capital reduction, the amount (£647.1m) by which the share premium and deferred ordinary share capital were reduced was credited to the distributable reserves of the Company. In addition, the deferred ordinary shares were purchased from the holders for a total consideration of £1, following which the shares were cancelled and an amount of £1 was transferred to a capital redemption reserve.

On 15 July 2014, the existing capital structure was reorganised to consist of a single class of ordinary shares and a single class of deferred shares. Following the capital reorganisation, 252,570,015 new ordinary shares of £0.01 each and 1,156,863 new deferred shares of £1 each were in issue. The new deferred shares have no value, and were created in order to satisfy the capital maintenance requirements of the Companies Act 2006. The deferred shares were automatically transferred to the SSP Group's Employee Benefit Trust's Trustee on 15 July 2014.

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Notes to consolidated financial statements continued

20. Capital and reserves continued

At the IPO (on 15 July 2014), the Company issued 222,429,939 new ordinary shares of £0.01 each at a premium of £2.09 per share. Share issue costs of £3.7m were offset against the share premium of £464.9m created on the issue of these shares.

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.

Deferred shares

These shares do not confer any voting rights and in practice have no right to dividends or return of capital.

Reserves

	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Total £m
At 1 October 2012	–	15.5	(12.0)	3.5
Net loss on hedge of net investments in foreign operations	–	(9.0)	–	(9.0)
Other foreign exchange translation differences	–	(6.8)	–	(6.8)
Change in fair value of cash flow hedges	–	–	6.7	6.7
At 30 September 2013	–	(0.3)	(5.3)	(5.6)
Net gain on hedge of net investments in foreign operations	–	22.2	–	22.2
Current tax charge on gain on hedge of net investment in foreign operations	–	(4.9)	–	(4.9)
Other foreign exchange translation differences	–	(14.5)	–	(14.5)
Current tax credit on losses arising on exchange translation differences	–	4.0	–	4.0
Effective portion of changes in fair value of cash flow hedges	–	–	(2.6)	(2.6)
Cash flow hedges – reclassified to profit and loss	–	–	7.0	7.0
Creation of capital redemption reserve (resulting from capital reduction) (see below)	–	–	–	–
At 30 September 2014	**–**	**6.5**	**(0.9)**	**5.6**

Capital redemption reserve

The capital reorganisation in the year resulted in the creation of a capital redemption reserve of £1 due to the cancellation of the deferred ordinary shares.

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 foreign operations, as well as from the translation of liabilities that hedge the Company'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.

Non-controlling interests

	2014 £m	2013 £m
At beginning of the period	**19.8**	10.2
Share of profit for the period	**4.1**	3.5
Dividends paid to minorities	**(3.6)**	(2.5)
Capital contribution from minorities	**–**	8.8
Currency adjustment	**(1.2)**	(0.2)
At end of the period	**19.1**	19.8

21. Share-based payments

In 2014, the Group granted equity-settled share awards under the Performance Share Plan ('PSP'). There were no share plans in place prior to 2014.

The 2014 PSP awards are based on two independent performance conditions, which apply to separate numbers of shares under the award and 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 subject to an Earnings Per Share ('EPS') performance condition.

Details of the terms and conditions of the PSP and of the Group's TSR comparator group are given in the Directors' remuneration report on pages 31 to 44.

Expense in the year

The Group incurred a charge of £0.3m in 2014 (2013: £nil) in respect of the PSP. The Group also incurred an exceptional charge of £7.1m in 2014 (2013: £nil) in respect of an aggregate of 3,329,904 Ordinary Shares awarded by the Company's previous majority shareholder to the Executive Directors and certain other members of management at the time of the Company's Admission to the London Stock Exchange.

Performance Share Plan

	2014 Number of shares
Outstanding at beginning of the year	–
Granted during the year	**4,573,489**
Lapsed during the year	**(14,269)**
Outstanding at end of the year	**4,559,220**
Exercisable at end of the year	–
Weighted average remaining contracted life (years)	**3.1**
Weighted average fair value of awards granted (£)	**1.86**

The exercise price for the PSP awards is £nil.

Details of awards granted in the year

The fair value of equity-settled awards granted in the year for the PSP awards 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:

	2014
Weighted average share price at grant (£)	**2.10**
Weighted average exercise price	–
Expected volatility	**26%**
Expected life (years)	**3.6**
Vesting period (years)	**3.6**
Expected correlation between the share price of TSR comparators	**25%**

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.

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22. Cash flow from operations

	Note	2014 £m	2013 £m
(Loss)/profit for the year		**(27.8)**	2.3
Adjustments for:			
Depreciation	9	**72.5**	70.6
Amortisation	10	**8.5**	8.6
Goodwill written off on closure of business units	10	**–**	10.5
Share-based payments	6	**0.3**	–
Loss on disposal of business	11	**0.7**	–
Finance income		**(0.8)**	(1.6)
Finance expense		**29.0**	44.5
Share of profit of associates	11	**(1.5)**	(2.4)
Exceptional costs before tax		**69.3**	6.3
Taxation	8	**14.3**	13.9
		164.5	152.7
Increase in trade and other receivables		**(6.1)**	(1.9)
Decrease/(increase) in inventories		**0.4**	(0.1)
Increase in trade and other payables, and in provisions		**18.4**	7.7
Cash flow from operations		**177.2**	158.4

23. Financial instruments

(a) Financial assets and liabilities by category

Financial assets:	2014 £m	2013 £m
Trade and other receivables	**84.0**	110.9
Cash and cash equivalents	**133.3**	182.1
	217.3	293.0
Financial liabilities:		
Bank loans	**(501.9)**	(1,048.7)
Finance leases	**(2.5)**	(3.8)
Derivative financial instruments	**(0.9)**	(5.4)
Trade and other payables excluding other taxation and social security	**(324.1)**	(302.6)
	(829.4)	(1,360.5)

(b) Fair values of financial assets and liabilities

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 2014 £m	Fair value 2014 £m	Carrying amount 2013 £m	Fair value 2013 £m
Loans and receivables				
Cash and cash equivalents	**133.3**	**133.3**	182.1	182.1
Trade and other receivables	**84.0**	**84.0**	110.9	110.9
Total loans and receivables	**217.3**	**217.3**	293.0	293.0
Non-derivative financial liabilities measured at amortised cost				
Bank loans	**(501.9)**	**(508.3)**	(1,048.7)	(1,054.6)
Finance lease liabilities	**(2.5)**	**(2.5)**	(3.8)	(3.8)
Trade and other payables	**(324.1)**	**(324.1)**	(302.6)	(302.6)
Total financial liabilities measured at amortised cost	**(828.5)**	**(834.9)**	(1,355.1)	(1,361.0)
Derivative financial liabilities				
Interest rate swaps	**(0.9)**	**(0.9)**	(5.4)	(5.4)
Total derivative financial liabilities	**(0.9)**	**(0.9)**	(5.4)	(5.4)

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.

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 instrument

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.

(c) Credit risk

The Group's concentration of credit risk in relation to trade receivables is not considered material. The balances relate to a number of customers for whom there is no recent history of default. The ageing of trade receivables at the balance sheet date was as follows:

	2014 £m	2013 £m
Total trade receivables	**34.5**	33.0
Less: impairment provision for trade receivables	**(1.0)**	(1.0)
	33.5	32.0
Of which:		
Not yet due	**22.0**	23.7
Overdue, between 0 and 6 months	**11.4**	8.6
Overdue, more than 6 months	**1.1**	0.7
Impairment provision for trade receivables	**(1.0)**	(1.0)
	33.5	32.0

Notes to consolidated financial statements continued

23. Financial instruments continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 £m	2013 £m
At beginning of the year	**(1.0)**	(0.8)
Charged in the year	**(0.6)**	(0.2)
Utilised in the year	**0.5**	0.1
Currency adjustment	**0.1**	(0.1)
At end of the year	**(1.0)**	(1.0)

Other classes of assets in trade and other receivables do not include any impaired assets.

(d) 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:

	2014 £m	2013 £m
High grade	**25.3**	56.1
Upper medium grade	**76.6**	91.7
Medium grade	**4.7**	2.5
Non-investment grade	**2.2**	1.8
Unrated	**1.0**	5.4
	109.8	157.5
Cash in hand and in transit	**23.5**	24.6
	133.3	182.1

(e) 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.

The following are the contractual maturities of financial liabilities including estimated interest payments:

		2014				
	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	**(501.9)**	**(583.6)**	**(45.3)**	**(44.6)**	**(493.7)**	**–**
Finance lease liabilities	**(2.5)**	**(2.7)**	**(1.3)**	**(0.5)**	**(0.7)**	**(0.2)**
Trade and other payables	**(324.1)**	**(324.1)**	**(324.1)**	**–**	**–**	**–**
Derivative financial liabilities						
Interest rate swaps used for hedging	**(0.9)**	**(0.4)**	**(1.0)**	**(0.3)**	**0.9**	**–**
	(829.4)	**(910.8)**	**(371.7)**	**(45.4)**	**(493.5)**	**(0.2)**

	Carrying amount £m	2013 Contractual cash flows £m	1 year or less £m	1 to <2years £m	2 to <5years £m	>5years £m
Non-derivative financial liabilities						
Bank loans	(1,048.7)	(1,169.4)	(26.0)	(41.1)	(1,102.3)	–
Finance lease liabilities	(3.8)	(5.1)	(1.5)	(1.4)	(1.4)	(0.8)
Trade and other payables	(302.6)	(302.6)	(302.2)	(0.4)	–	–
Derivative financial liabilities						
Interest rate swaps used for hedging	(5.4)	(5.6)	(4.1)	(1.4)	(0.1)	–
	(1,360.5)	(1,482.7)	(333.8)	(44.3)	(1,103.8)	(0.8)

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 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 2014 was as follows:

Cash at bank and in hand	**2014 £m**	2013 £m
Sterling	**55.8**	85.2
Other currencies	**77.5**	96.9
	133.3	182.1

The Group applies hedge accounting to cover the risk of foreign exchange differences arising between the functional currency of the foreign operation and the parent entity's functional currency, i.e. Sterling. The designated exchange risk is the spot foreign exchange risk because the hedging instruments are not derivatives, but foreign currency denominated bank loans. The fair value of the bank loans used as hedging instruments was £312.7m as at 30 September 2014 (2013: £358.8m). There was no ineffectiveness recognised in the income statement arising from hedges of net investments in foreign operations.

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 2014, after taking into account interest rate swaps and before adjustment for unamortised bank fees of £6.4m (2013: £5.9m), was as follows:

	Floating-rate liabilities		**Fixed-rate liabilities**		**Total**	Total
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Currency						
Sterling	**(19.6)**	(38.2)	**(176.0)**	(270.3)	**(195.6)**	(308.5)
Euro	**(19.5)**	(58.5)	**(175.3)**	(402.2)	**(194.8)**	(460.7)
US Dollar	**(3.1)**	(11.8)	**(27.8)**	(85.2)	**(30.9)**	(97.0)
Canadian Dollar	**–**	(5.5)	**–**	(3.2)	**–**	(8.7)
Swedish Krona	**(3.4)**	(10.5)	**(30.8)**	(69.1)	**(34.2)**	(79.6)
Norwegian Krone	**(5.3)**	(13.2)	**(47.5)**	(86.9)	**(52.8)**	(100.1)
	(50.9)	(137.7)	**(457.4)**	(916.9)	**(508.3)**	(1,054.6)

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23. 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. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The fair value of the interest rate swaps was £0.9m as at 30 September 2014 (2013: £5.4m).

In 2014, a debit of £2.6m (2013: £0.1m) 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 the period to 14 July 2014, a credit of £3.0m arose in other comprehensive income relating to amounts reclassified to the income statement. On 14 July 2014, the interest rate swap agreements were terminated and a further credit of £4.0m 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 7). In 2013, a credit of £6.8m was reclassified to the income statement.

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 2014, 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.

	2014 £m	2013 £m
Equity		
Increase	**11.5**	5.5
Decrease	**(11.2)**	(5.6)

(f) 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 20), retained earnings, and net debt (see below). The funding requirements of the Group are met by a mix of medium-term borrowings, short-term borrowings (under its RCF) and available cash (as detailed in the table below). During the year, the Group continued to monitor covenant compliance and has passed comfortably the requirements in its borrowing facilities. As part of its new banking arrangement, the Group has to comply with the financial covenants relating to Net Debt Cover and Interest Cover. These covenants will be tested bi-annually.

During the period the Group de-levered as a consequence of the IPO process. As at 30 September 2014, the Group had a leverage of 2.3x underlying LTM EBITDA (approximately 0.5x lower than when the IPO completed in July).

The following table shows the movement in net debt of the Group during the year:

	At beginning of the year £m	**Cash flow £m**	**Non-cash changes £m**	**Translation differences £m**	**At end of the year £m**
Cash and cash equivalents	**182.1**	**(46.1)**	**–**	**(2.7)**	**133.3**
Debt due within one year:					
Bank loans	**–**	**–**	**(28.6)**	**–**	**(28.6)**
Finance leases	**(1.4)**	**1.2**	**(1.0)**	**–**	**(1.2)**
Debt due after one year:					
Bank loans	**(1,048.7)**	**499.8**	**29.1**	**46.5**	**(473.3)**
Finance leases	**(2.4)**	**–**	**1.0**	**0.1**	**(1.3)**
Total	**(870.4)**	**454.9**	**0.5**	**43.9**	**(371.1)**

There were no changes to the Group's approach to capital management during the year.

24. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2014 £m	2013 £m
Less than 1 year	**207.6**	199.9
Between 1 and 5 years	**537.6**	567.6
More than 5 years	**180.9**	179.4
	926.1	946.9

The Group leases a number of operating units under operating leases.

25. Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2014 £m	2013 £m
Contracted for but not provided	**47.0**	32.6

26. Related parties

Remuneration of key management personnel

The remuneration of the 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 Group Chief Executive Officer, the Chief Financial Officer and the Non-Executive Directors.

	2014 £m	2013 £m
Short-term employee benefits	**(5.6)**	(1.3)
Post-employment benefits	**(0.3)**	(0.1)
Termination benefits	**–**	(2.2)
Share-based payments	**(4.0)**	–
	(9.9)	(3.6)

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Company balance sheet at 30 September 2014

	Note	**2014** **£m**	2013 £m
Fixed assets			
Investments	28	**918.3**	105.0
Current assets			
Debtors (in 2013 included £100.0m due after more than 1 year)	29	**121.7**	111.7
Cash at bank and in hand		**–**	0.1
		121.7	111.8
Net assets		**1,040.0**	216.8
Capital and reserves			
Called up share capital	30	**5.9**	5.4
Share premium account	30	**461.2**	642.9
Profit and loss account	30	**572.9**	(431.5)
Capital redemption reserve	30	**–**	–
Total equity shareholders' funds		**1,040.0**	216.8

These financial statements were approved by the Board of Directors on 26 November 2014 and were signed on its behalf by:

Jonathan Davies
Chief Financial Officer

Notes to the Company financial statements

27. Accounting policies

SSP Group plc (the 'Company') is a company incorporated in the UK.

This balance sheet and related notes 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

The balance sheet and related notes have been prepared in accordance with applicable United Kingdom accounting standards ('UK GAAP') under the historical cost accounting rules.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to this balance sheet and related notes.

The Company uses Sterling as its presentational and functional currency and all values have been rounded to the nearest 0.1 million unless otherwise stated.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit for the financial year (2013: loss) is disclosed in note 30 to these accounts. The Company has no other recognised gains or losses in the current or preceding year and, therefore, no statement of recognised gains or losses is presented.

Under FRS 1 (revised) 'Cash Flow Statements', the Company is exempt from the requirements to prepare a cash flow statement as its cash flows are included within the published consolidated cash flow statement of SSP Group plc (see page 58).

The Company is also exempt under the terms of Revised FRS 8 'Related Party Disclosures' from disclosing related party transactions with wholly-owned subsidiaries within the Group.

Going concern

SSP Group plc is the ultimate parent company of the SSP Group. This balance sheet has been prepared on a going concern basis, having regard to SSP Group's trading forecasts for the next 12 months. See page 48 for consideration of the going concern basis.

The Company balance sheet has strengthened as a result of the issue of new shares during the period.

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 timing 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 timing 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 19. The Company has not adopted a policy of discounting deferred tax balances as permitted by FRS 19.

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 in the employing subsidiary.

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Notes to the Company financial statements continued

28. Investments in subsidiary undertakings

	Shares in Group undertaking £m
Cost	
At 1 October 2013	522.8
Additions[1]	395.5
At 30 September 2014	918.3
Provisions	
At 1 October 2013	(417.8)
Reversal of impairment[2]	417.8
At 30 September 2014	–
Net book value:	
At 30 September 2014	**918.3**
At 30 September 2013	105.0

(1) The additions in the year are made up of:
- £395.3m in respect of the purchase of additional shares in SSP Group Holdings Ltd of £395.3m on 15 July 2014 ;and
- £0.2m in respect of the cost of share-based payments relating to employees of subsidiary undertakings.

(2) The £417.8m provision for impairment of the Company's investment in SSP Group Holdings Ltd was reversed in the year to reflect stronger future cash flows than those that had been forecast in 2009, when the provision was created, and a lower discount factor applied to the cash flows due to the reduction in the Company's weighted average cost of capital following the IPO.

29. Debtors

	2014 £m	2013 £m
Amount receivable from Group undertakings	**121.7**	111.7

30 Capital and reserves

Share capital

	Share capital number of shares	Share capital £m	Share premium £m
Issued, called up and fully paid			
Ordinary shares of £0.01 each	19,999,999	0.2	129.6
Preferred ordinary shares of £0.01 each	200,000	–	1.0
Class B preference shares of £0.01 each	99,831,700	1.0	98.8
Deferred ordinary shares of £0.01 each	417,670,000	4.2	413.5
At 30 September 2013	**537,701,699**	**5.4**	**642.9**
Capital reduction	–	(4.2)	(642.9)
Cancellation of deferred ordinary shares	(417,670,000)	–	–
Capital reorganisation	133,695,179	2.5	–
Shares issued in the period	222,429,939	2.2	461.2
At 30 September 2014	**476,156,817**	**5.9**	**461.2**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01 each	**474,999,954**	**4.7**	**461.2**
Deferred shares of £1.00 each	**1,156,863**	**1.2**	**–**
	476,156,817	**5.9**	**461.2**

Reserves

	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 October 2012	–	(431.3)	(431.3)
Loss for the year	–	(0.2)	(0.2)
At 30 September 2013	–	(431.5)	(431.5)
Profit for the year	–	356.0	356.0
Capital reduction[1]	–	647.1	647.1
Capital reorganisation[1]	–	(2.5)	(2.5)
Share-based payments	–	3.8	3.8
Creation of capital redemption reserve (resulting from capital reduction) (see below)	–	–	–
At 30 September 2014	–	572.9	572.9

[1] For an explanation of the capital reduction and capital reorganisation in the year, see note 20 to the Group accounts.

Capital redemption reserve
The capital reorganisation in the year resulted in the creation of a capital redemption reserve of £1 due to the cancellation of the deferred ordinary shares.

Profit and loss account
The Company's profit for the financial year was £356.0m (2013: loss of £0.2m). The profit in 2014 includes a credit of £417.8m in respect of the reversal of impairment of the Company's investment in subsidiaries and exceptional charges of £57.5m in respect of the IPO.

31. Employee share plans
Awards over shares of the Company have been granted to employees of the Company under the Performance Share Plan ('PSP'). Details of the terms and conditions of the PSP are given in the Directors' remuneration report on pages 31 to 44.

PSP

	2014 Number of shares
Outstanding at the beginning of the year	–
Granted during the year	**1,269,901**
Outstanding at the end of the year	**1,269,901**
Exercisable at the end of the year	–
Weighted average remaining contracted life (years)	**3.1**
Weighted average fair value of awards granted (£)	**1.86**
Expense recognised for the year (£m)	**0.1**

The exercise price for the Performance Share Plan is £nil.

Information on awards granted in the year can be found in note 21 to the Group accounts.

The Company also incurred an exceptional charge of £3.5m in 2014 (2013: £nil) in respect of an aggregate of 1,654,608 ordinary shares awarded by the Company's previous majority shareholder to the Executive Directors at the time of the Company's Admission to the London Stock Exchange.

32. Directors remuneration
The remuneration of the Directors of the Company is disclosed in note 26 to the Group accounts and the Directors' remuneration report on pages 39 to 44.

33. Related parties
The Company has identified the Directors of the Company as related parties of the purpose of FRS 8 'Related Party Disclosures'. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report and note 26 to the Group accounts.

Financial statements

Notes to the Company financial statements continued

34. Contingent liabilities

The Company is a member of a VAT group and consequently is jointly liable for the VAT group's liability. The Company's contingent liability at 30 September 2014 was approximately £6.8m (2013: £7.7m).

In addition the Company is a guarantor on Group borrowing facilities. The borrowings under the facility at 30 September 2014 were £508.3m.

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.

35. Other information

The fee for the audit of the Company's annual financial statements was £0.2m (2013: £0.1m).

The average number of persons employed by the Company (including Directors) during the year was nine (2013: five).
Total staff costs (excluding charges for share-based payments) were £7.1m (2013: £0.1m).

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