





Compass Group (Australia) Pty Ltd (Compass Group Australia) and its Australian joint ventures are world-class providers of contract food and support services to clients across Australia. This includes providing meals to workers on defence, mining and oil and gas sites, operating school and business cafeterias, and food to patients at hospitals and aged care facilities. Compass Group Australia is an Australian corporation ultimately owned by Compass Group PLC (the Group), a publicly-listed UK company, however Compass Group Australia operates only within Australia.

Compass Group PLC, as the ultimate shareholder of Compass Group Australia, makes significant disclosures in relation to its tax obligations, and publishes a tax policy in its Annual Report which can be accessed [here](#).

Consistent with the Group's published Tax Policy, Compass Group Australia adopts an approach to tax that balances the various interests of its stakeholders – employees, customers, investors, suppliers, subcontractors, governments and the wider community. Compass Group Australia also has a detailed tax risk management policy which ensures all tax compliance obligations are met in a timely manner and comply with the applicable tax law. Compass Group Australia aims to pursue a principled and sustainable tax policy that has strong commercial merit, and upholds the Group's reputation.

Compass Group Australia employs more than 10,000 employees, and has approximately 15 regional offices and 1,200 sites in Australia, making a significant contribution to the Australian economy. During 2019 Compass Group Australia also operated five incorporated joint ventures with its indigenous partners, providing employment opportunities as well as financial rewards to the indigenous community. During the 2019 income year, Compass Group Australia has paid A\$50.5 million in direct taxes and collected A\$258.4 million on behalf of various Australian levels of government.

On behalf of the Australian board, I am pleased to present Compass Group Australia's tax transparency report for the year ended 30 September 2019. This is the fourth year Compass Group Australia has published a tax transparency report, which aligns with the Group's values of Openness, Trust and Integrity in everything we do.

A handwritten signature in black ink, appearing to read 'M5' followed by a stylized flourish.

Michael Lambourne
Executive Director Finance

In 2019, Compass Group Australia paid A\$50.5 million in direct taxes and collected A\$258.4 million on behalf of various Australian levels of government.

¹ The results presented in this report are based on the Australian economic group, which consolidates the results of all Compass Group Australia's joint ventures. ESS Larrakia Pty Ltd, a 50:50 incorporated joint venture, is accounted for as an associate.

Disclosures - Part A - Income tax expense

The following tables provide a reconciliation of Compass Group Australia's accounting profit to income tax expense for 30 September 2019.

Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Compass Group Australia's liability for current tax is calculated using the Australian tax rate (30%). All amounts are Australian dollars (A\$).

	2019 A\$'000
Operating profit / (loss) before tax	63,565
Prima facie tax expense (at 30%)	19,070
Permanent differences	111
Temporary differences	3,630
- Employee entitlements	6,047
- Other provisions and accruals	(2,060)
- Deferred income	(980)
- Property, Plant & Equipment	588
- Prepayments	(58)
- Foreign exchange	93
Current tax expense / (benefit) (income tax payable for the year)	22,811
- Deferred tax expense (current year)	(3,562)
Income tax expense (current year)	19,249
Current tax of prior years	(304)
Deferred tax of prior years	(161)
Total income tax expense	18,784

Reconciliation of income tax payable

Compass Group Australia operates solely in Australia and is subject to income tax solely in Australia.

As income tax is paid during the year, with a final liability due in March of the following year, amounts of income tax may be payable or refundable at year end.

Income tax paid	2019 A\$'000
Income taxes payable/(refundable) at beginning of financial year	2,307
Amended tax returns / true-ups	(559)
Less: income tax paid during the year	(11,410)
Income taxes payable for the current year	22,811
Amounts refunded due to overpayment	679
Income taxes payable as at year end	13,828

The table below summarises the income tax payable for the year ended 30 September 2019.

Reconciliation of 2019 current tax charge and corporate income tax paid	2019 A\$'000
2019 current tax charge	22,811
Final payment in Australia on prior year profits	1,810
Less: final payment in Australia on 2019 profits due	(13,828)
Corporate income tax paid	10,793

*All information is sourced from the 2019 signed financial statements.

Accounting and Tax Transparency Code (TTC) effective tax rates

Compass Group Australia's effective tax rate is the income tax expense divided by its accounting profit. The effective tax rate will differ to the company tax rate due to non-temporary differences. Non-temporary differences are amounts which are recognised for either accounting purposes or tax purposes, but not both.

	Compass Group Australia's Effective Tax Rate
	2019 A\$'000
Income tax expense	18,784
Accounting profit before tax	63,566
Accounting and TTC effective tax rate	29.55%

Disclosure to be made by the Australian Tax Office

Each year the ATO discloses certain limited information for Compass Group Australia. The disclosure for the income year ended 30 September 2018 will be made December 2019 and is expected to be as follows. Income tax payable is taxable income multiplied by 30%, reduced by franking credit offsets in relation to dividends paid to Compass Group Australia. This amount is different to the amount below in the reconciliation of tax payable because the 2018 tax payable was paid partly in the 2018 income year, and partly in the 2018 income year under normal payment rules. In addition, certain controlled entities fall below the thresholds for reporting under the ATO tax transparency reporting requirements.

	Compass Group (Australia) Pty Ltd
ABN	41000683125
Gross income	1,255,957
Taxable income	72,984
Tax payable	18,981

Part B - Tax policy and governance summary

Compass Group Australia's Tax Policy

Compass Group Australia is committed to creating long-term shareholder value through the responsible, sustainable and efficient delivery of its key business objectives. This enables Compass Group Australia to grow the business and make significant investments into its operations.

Principles and attitude to planning

Compass Group Australia conducts its tax affairs according to the following principles and objectives:

- To comply with Australian laws, regulations and reporting requirements, follow the guidance of the ATO, and international guidance provided by the OECD
- Compass Group Australia's tax policy is at all times consistent with Compass Group's overall policy, approach to risk, and the Group's Code of Business Conduct and Code of Ethics
- Compass Group Australia will use incentives and reliefs (for example R&D credits) efficiently where appropriate to sustainably support our business, reflecting the commercial substance of business activity

Risk management, governance and compliance

In an increasingly complex international corporate tax environment, a degree of risk is inevitable and uncertain tax positions may arise. Tax risk can arise from unclear regulations and differences in interpretation, but most significantly where governments apply diverging standards in assessing intragroup cross border transactions. This is a key tax risk area for many multinational organisations.

Compass Group manages and assesses these risks through a framework of documented standards and procedures called Key Financial Controls (KFCs) that sit within the Group's formal governance arrangements. This ensures that risks are managed and controlled in a proactive manner and in doing so, Compass Group exercises its judgement and seeks appropriate advice from reputable professional firms, when required.

Compass Group's tax function is part of the Group Finance team and reports to the Group Finance Director. The Head of Group Tax leads a team that has specific functional and geographic responsibility and includes specialists in corporate income taxes, transfer pricing, indirect taxes and employment taxes. In Australia, the General Manager of Tax reports to the Australian Finance Director.

Global tax risks are reviewed by the Audit Committee every six months and by the Board annually. Tax risks for the Australian business are reviewed quarterly by both the Australian leadership team and the Regional Governance Committee.

Working with the ATO

Compass Group Australia plans and manages its tax affairs efficiently. In doing so the business acts in accordance with all relevant laws and disclosure requirements. Compass Group Australia aims to foster an open and constructive relationship with the ATO that is based on integrity, honesty and mutual respect. Compass Group Australia is committed to proactive discussions to expedite agreement of tax matters, and engage with the ATO proactively (including through binding advice). Compass Group Australia liaises directly with a key ATO contact on any new legislation enacted or other matters as they arise.

Further, we note Compass Group Australia complied with the ATO during the Streamlined Assurance Review process which commenced in 2018 (concluding in 2019), and received a medium level of assurance overall.

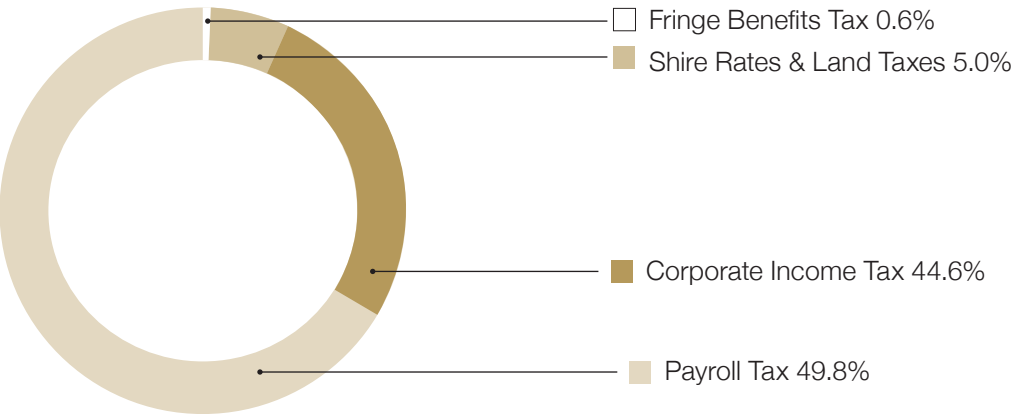
Part B - Tax contribution summary

The tax contribution of a business in Australia includes more than just corporate income tax. As a high volume foodservice business, Compass Group Australia is a significant employer and therefore pays significant amounts of payroll and related taxes in respect of its employees, as well as providing over 10,000 Australian jobs. A summary of Compass Group Australia’s total tax contribution summary is provided below:

1 Sourced from the 2019 signed financial statements.
2 Sourced from the 2019 lodged fringe benefits tax return.
3 Sourced from the ATO integrated client account.
4 Sourced from the PAYG withholding annual report (interest, dividend and royalty payments paid to non-residents).

Taxes Borne

Taxes Borne	A\$'000
Corporate income tax	22,506 ¹
Fringe benefits tax	309 ²
Payroll tax	25,130 ¹
Shire rates & land taxes	2,552 ¹
	50,497



Taxes Collected

Taxes Collected	A\$'000
Employee withholding taxes	170,682 ¹
Goods & services tax	85,283 ³
Non-resident withholding tax	2,437 ⁴
	258,402



Part B - International related party dealings

Compass Group Australia is a member of Compass Group PLC, the world's largest foodservice business with revenues of £24,878 billion⁵ for FY2019 and a leader in providing innovative foodservice solutions to clients.

Australian and international tax laws require Compass Group Australia to pay for access to the Group's best practice, intangible property and funding as if it were a wholly separate business acting at arm's length. Therefore, transactions with other Group members are required to be priced as though the businesses were independent parties. A summary of Compass Group Australia's cross-border related party transactions is provided below:

- **Brands and best practices** - As a member of the world's leading foodservice business, Compass Group Australia pays for access to global brands and best practice which gives the business a competitive advantage in the Australian market, which is provided primarily by the UK head office. Withholding taxes have been remitted where applicable.
- **Funding** - Compass Group Australia has previously received long term funding from the Group to expand the Australian business, thus helping the business to grow and create jobs. Much of this funding was used to finance the Gateway Village project in Port Hedland in 2014, which has been provided by Japan and the Netherlands.
- **Cash deposit facility** - Compass Group Australia has short term cash balances on deposit with its parent, Compass Group PLC, for which it earns interest that is taxed in Australia.

Transfer pricing documentation and compliance

Compass Group Australia prepares contemporaneous transfer pricing documentation to demonstrate that the prices paid and received from its related group companies comply with the arm's length principle. This documentation is reviewed by both our statutory auditors and external advisors to ensure that it complies with Australian and international tax law.

Total net amounts paid to related parties constituted 4.28% of total costs for the business during FY2019.

Compass Group's global market-leading brands

Business and Industry

We provide a choice of quality, nutritious and well balanced food for employees during their working day. In addition, where clients seek broader service offerings, we can deliver a range of support services to the highest standard, and at the best value.



**Restaurant
Associates**

Healthcare and Aged Care

We are specialists in helping hospitals in the public and private sectors on their journey of managing efficiency and enhancing quality across a range of food and support services. We have an increasing presence in the growing senior living market.



Education

From kindergarten to university, we provide fun, nutritious dining solutions that help support academic achievement at the highest levels. We educate young people on how to have a happy, safe and healthy lifestyle while contributing to a sustainable world.



Defence, Offshore and Remote

Through our established health and safety culture, we are a market leader in providing food and support services to major companies in the oil and gas and mining and construction industries. For our defence sector clients, we are a partner that runs efficient operations outside areas of conflict.





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