





Compass Group (Australia) Pty Ltd (Compass Group Australia) is a world-class provider 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.

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 on its website, accessible [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 – including shareholders, governments, employees and the communities in which it operates. Compass Group Australia also has a detailed tax risk management policy which ensures all tax compliance obligations are met in a timely manner and that Compass Group Australia complies with applicable tax laws. Compass Group Australia aims to pursue a principled and sustainable tax policy that has strong commercial merit and upholds the Group's reputation.

During 2020, Compass Group Australia worked closely with our clients to ensure the safety of our customers, clients and team members through COVID-19. We contributed to the community to step in and support during the bushfires, Victorian aged care crisis and hotel quarantine. Despite the operational challenges arising from COVID-19, Compass Group Australia continued to be a strong contributor to Australian tax revenues with A\$48.4 million in direct taxes paid and A\$276.7 million collected 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 2020. 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.

Denham Mack
Executive Director Finance and Technology

In 2020, Compass Group Australia paid A\$48.4 million in direct taxes and collected A\$276.7 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 2020.

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\$).

	2020 A\$'000
Operating profit / (loss) before tax	81,904
Prima facie tax expense (at 30%)	24,571
Permanent differences	103
Temporary differences	(4,920)
- Employee entitlements	(84)
- Other provisions and accruals	(75)
- Deferred income	(5,367)
- Property, Plant & Equipment	965
- Prepayments	(445)
- Inventories	(254)
- Foreign exchange	517
- Other	(176)
Current tax expense / (benefit) (income tax payable for the year)	19,754
- Deferred tax expense (current year)	4,920
Income tax expense (current year)	24,673
Current tax of prior years	(780)
Deferred tax of prior years	771
Total income tax expense	24,664

Reconciliation of income tax payable

Compass Group Australia operates primarily in Australia and therefore the vast majority of its tax liabilities are payable in Australia. Compass Group Australia also provides services under a particular customer contract in Timor-Leste (in an area previously known as the Joint Petroleum Development Area) and is therefore also subject to tax in Timor-Leste. As Australian 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. The table below summarises the income tax payable for the year ended 30 September 2020.

Income taxes payable	2020 A\$'000
Income taxes payable/(refundable) at beginning of financial year	13,828
Over provision (difference between the tax liability per the financial statements and the lodged tax return/s)	(778)
Less: income tax paid during the year	(14,416)
Income taxes payable for the current year	19,754
Amounts refunded due to overpayment	(9,939)
Income taxes payable as at year end	8,449

Reconciliation of 2020 current tax charge and corporate income tax paid	2020 A\$'000
2020 current tax charge	19,754
Final payment in Australia on prior year profits	13,050
Less: final payment in Australia on 2020 profits due in FY21	(8,449)
Corporate income tax paid	24,355

*All information is sourced from the 2020 audited 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
	2020 A\$'000
Income tax expense	24,664
Accounting profit before tax	81,904
Accounting and TTC effective tax rate	30.11%

Disclosure to be made by the Australian Tax Office

Each year, the ATO discloses certain limited information for Compass Group Australia entities. These disclosures are made on a per taxpayer basis. The disclosure for the income year ended 30 September 2020 was made in December 2021 and is set out in the table below for the Compass Group Australia tax consolidated group. 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 above in the reconciliation of tax payable because the 2020 tax payable was paid partly in the 2020 income year, and partly in the 2021 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	41 000 683 125
Gross income	1,348,512
Taxable income	81,072
Tax payable	20,799

A numerical reconciliation of the tax payable as per the ATO entity tax information disclosure and the current tax expense per the financial statements disclosed above is detailed below:

	2020 A\$'000
Current tax expense per financial statements	19,754
Prima facie tax expense (at 30%)	20,799
Permanent differences	(1,045)
Tax payable by entities outside the Compass Group Australia tax consolidated group	198
Foreign income tax payable on foreign operations	627
Differences between the tax liability per the financial statements and the lodged tax return for the Compass Group Australia tax consolidated group	(1,870)
Total income tax expense	(1,045)

Basis of Preparation

Term	Description
Collective expressions	The use of collective expressions such as “we”, “us”, “our”, “the company”, are used where reference is made, in general, to Compass Group Australia and its subsidiaries. The use of any of those terms is for convenience only and used where no useful purpose is served by identifying any particular company or companies.
Compass Group Australia	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.
Compass Group Australia tax consolidated group income	Refers to the consolidated group as defined under Australian tax legislation (i.e., includes only entities that the head company holds a 100% interest in).
Currency	All amounts are in AUD unless otherwise stated.
Information sources	Where possible, the amounts included in this Report are sourced from Compass Group Australia’s 30 September 2020 audited financial statements.
Non-wholly owned entities	The financial information provided in this report has been prepared on the same basis as the financial statements for Compass Group Australia. Notes 2.3, 2.6 and 2.7 of Compass Group Australia’s financial statements provide more detailed information regarding the treatment of non-wholly owned subsidiaries.
Year end	All period references in this Report are to the year ended 30 September 2020, unless otherwise stated.

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, and 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).

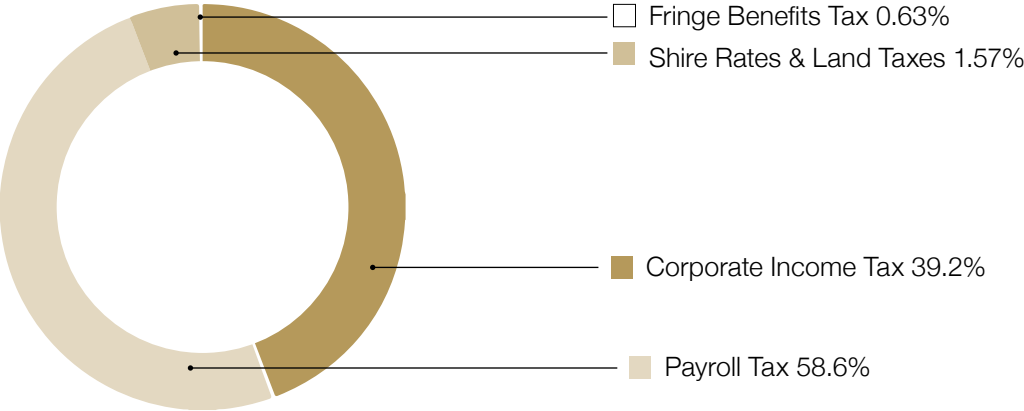
Part B - Tax contribution summary

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 2020 signed financial statements.
² Sourced from the 2020 lodged fringe benefits tax return.
³ Sourced from the ATO integrated client account.
⁴ Sourced from the PAYG annual report.

Taxes Borne

Taxes Borne	A\$'000
Corporate income tax	18,974 ¹
Fringe benefits tax	304 ²
Payroll tax	28,408 ¹
Shire rates & land taxes	760 ¹
	48,446



Taxes Collected

Taxes Collected	A\$'000
Employee withholding taxes	183,119 ⁴
Goods & services tax	92,621 ³
Non-resident withholding tax	1,006 ⁵
	276,746



Part B - International related party dealings

Compass Group Australia is a member of Compass Group PLC, the world's largest food service business with revenues of £19,940 million for FY2020 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 food service business, Compass Group Australia pays for access to global brands and best practices which gives the business a competitive advantage in the Australian market, which is provided primarily by the global head office in the UK. Withholding taxes have been paid where applicable.
- **Funding** - Compass Group Australia has received long term funding over time from the Group to expand the Australian business, thus helping the business to grow and create jobs. All funding currently provided to Compass Group Australia is provided by Compass Group PLC.
- **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, relevant Australian legislation, and Australia's double taxation agreements. 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 4.53% of total costs for the business during FY2020.

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.



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

We operate high school cafes and university food-halls. We provide live-in college/boarding school meals and special event catering. Our goal is to provide fun, nutritious dining solutions tailored to each cohort. That will help support academic achievement at the highest levels.



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.



Part C - Glossary of terms

Term	Description
Australian Voluntary Tax Transparency Code or TTC	The TTC is a set of voluntary principles and minimum standards developed by the Board of Taxation to guide large businesses on public disclosure of tax information.
Current tax	<p>The corporate income tax due in respect of taxable profits of an accounting period, as defined in the International Financial Reporting Standard IAS 12.</p> <p>The current tax charge is calculated using the Australian corporate income tax rate of 30% and based on tax laws enacted or substantively enacted at the reporting date (year-end).</p>
Deferred tax	The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in the International Financial Reporting Standard IAS 12.
Effective tax rate	Income tax expense / (benefit) divided by profit / (loss) before income tax.
Employee taxes	This includes taxes withheld by Compass Group Australia as employer from employee remuneration and paid to the ATO on behalf of employees.
Employer taxes	This includes (a) FBT remitted to the ATO and (b) payroll tax remitted to various state revenue authorities.
Income tax expense / (benefit)	The income tax expense (or benefit) for the period is the tax payable on the current period's taxable income based on the Australian income tax rate adjusted for changes in deferred tax assets and liabilities attributable to temporary differences.

Term	Description
Income tax paid / payable	Income tax paid / payable is calculated by multiplying accounting profit for the year, adjusted for both temporary and non-temporary differences, by the 30 per cent Australian corporate tax rate. Current income tax paid / payable represents the estimated income tax paid / payable to the ATO.
Non-temporary differences	Differences between taxable income / (loss) and profit / (loss) before income tax. These differences arise as a result of expenses or revenue which under income tax legislation will never be included in the determination of taxable income or loss although they are recognised in the profit / (loss) before income tax.
Payment	An amount paid in money to the ATO.
Profit / (loss) before income tax	Accounting profit / (loss) for a period before deducting a charge for corporate income taxes.
Report	The Report has been prepared for Compass Group Australia's 2020 financial year, being 1 October 2019 to 30 September 2020.
Temporary differences	Differences between pre-tax profit / (loss) and taxable income / (loss) for a given reporting period which arise because the reporting period in which some items of revenue and expense are included in the determination of the pre-tax profit / (loss) does not coincide with the reporting period in which they are included in the determination of taxable income / (loss).



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