

SCOLAREST LIMITED

Report and Financial Statements

30 September 2005

Deloitte & Touche LLP
Birmingham

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SCOLAREST LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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SCOLAREST LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.K. Goodman (resigned 31 December 2005)
D.G. Mortimer
M.A. Bond (appointed 06 January 2006)

SECRETARY

T C Mason

REGISTERED OFFICE

Parklands Court
24 Parklands
Birmingham Great Park
Rubery
Birmingham
B45 9PZ

BANKERS

National Westminster Bank PLC
817 Bristol Road South
Birmingham
B31 2NQ

SOLICITORS

Hammond Suddards Edge
Rutland House
148 Edmund Street
Birmingham
B3 2JR

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2005.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company did not trade during the period except as an undisclosed agent on behalf of Compass Contract Services (UK) Limited. This situation is expected to continue into the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently are shown on page 1.

No director had any interest in the ordinary share capital of the company or any fellow group company during the period.

The beneficial interests of the Directors are as follows:

	Ordinary shares of 2.5p each Compass Group PLC 30 September 2005 No	Ordinary shares of 2.5p each Compass Group PLC 30 September 2004 No
Ordinary shares		
H.K. Goodman	35,361	35,361
D.G.Mortimer	1,000	1,000

The following Directors held share options under Executive, Commitment and Savings Related Share Option Schemes to acquire Ordinary shares in Compass Group PLC of 2.5p each:

	30 September 2005 Ordinary shares of 2.5p each under option No	Granted in period No	Exercised in period No	Cancelled or lapsed in period No	30 September 2004 Ordinary shares of 2.5p each under option No
H.K. Goodman	222,150	57,280	-	3,582	168,402
D.G.Mortimer	390,947	90,840	-	4,925	305,032

The directors had no interest in the shares of the Company or any other group company other than Compass Group PLC.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

Pursuant to S386 Companies Act 1985, an elective resolution has been passed dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

Approved by the Board of Directors
and signed on behalf of the Board



D.G. Mortimer
Director

12 June 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the company's system of internal financial controls and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOLAREST LIMITED

We have audited the financial statements of Scolarest Limited for the year ended 30 September 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

12 June 2006

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2005

	Note	2005 £000	2004 £000
TURNOVER	1	43,263	47,330
Transfer of beneficial interest to principal		(43,263)	(47,330)
OPERATING PROFIT BEING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	-
Tax on profit on ordinary activities	4	-	1,194
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED PROFIT FOR THE YEAR	7	-	1,194

Scolarest Limited is an agency company on behalf of Compass Contract Services (UK) Limited, which is incorporated in England and Wales.

All activities derive from continuing operations.

There are no recognised gains and losses other than the result for the financial years. Accordingly, no statement of total recognised gains and losses is given.

The accompanying notes are an integral part of this profit and loss account.

SCOLAREST LIMITED

BALANCE SHEET 30 September 2005

	Note	2005 £000	2004 £000
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	136,691	136,691
NET ASSETS		<u>136,691</u>	<u>136,691</u>
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account	7	136,691	136,691
EQUITY SHAREHOLDERS' FUNDS	8	<u>136,691</u>	<u>136,691</u>

These financial statements were approved by the Board of Directors on 12 June 2006.

Signed on behalf of the Board of Directors



D.G. Mortimer
Director

The accompanying notes are an integral part of this balance sheet.

SCOLAREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost basis.

Scolarest Limited is an agency company and as such does not bear the risks and rewards of its trade. These are borne by the principle company, Compass Contract Services (UK) Limited.

Pensions

The company participates in defined benefit schemes operated by Compass Group PLC.

The expected cost of pensions in respect of the company's participation in the schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees based on pension costs across Compass Group as a whole. Variations from regular costs are spread over the remaining service lives of current employees in the scheme across the Compass Group. The pension cost is assessed in accordance with the Statement of Standard Accounting Practice No. 24.

Further information in respect of pensions is shown in note 10.

Turnover

Turnover represents the value of goods sold and services provided, stated net of value added tax, all of which arises in the United Kingdom.

2. OPERATING PROFIT

Auditors' remuneration and director's emoluments are borne by another group company. The company does not employ any staff.

3. INFORMATION REGARDING DIRECTORS

Directors remuneration was borne by a fellow subsidiary undertaking, Compass Contract Services (UK) Limited. The directors did not receive any remuneration in respect of services to this company.

	2005 No	2004 No
Number of directors who are members of a defined benefit pension scheme	<u>2</u>	<u>2</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £000	2004 £000
Corporation Tax		
UK corporation tax credit at 30% (2004: 30%)	-	-
Adjustments in respect of prior years:	-	(1,194)
Total current tax	-	(1,194)
Total tax credit	-	(1,194)

The adjustment in relation to prior years relates to group relief received from another group company for which payment was not required.

SCOLAREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2005

4. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Reconciliation of the UK statutory tax rate to the effective current tax rate

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30%. The current year tax charge for the year is below 30% due to the adjustment in respect of prior years.

	2005 £000	2004 £000
Profit on ordinary activities before tax	-	-
Tax charge on profit on ordinary activities at the UK statutory rate of 30%	-	-
Adjustments in respect of prior years:	-	(1,194)
Current tax credit for year:	-	(1,194)

5. DEBTORS: AMOUNTS FALLING DUE WITHIN 1 YEAR

	2005 £000	2004 £000
Amounts owed by other group companies	136,691	136,691

6. CALLED-UP SHARE CAPITAL

	2005 £000	2004 £000
Authorised:		
100 ordinary shares of £1 each	-	-
Allotted, called-up and fully paid:		
100 ordinary shares of £1 each	-	-

7. PROFIT AND LOSS ACCOUNT

	2005 £000	2004 £000
At beginning of the year	136,691	135,497
Retained profit for the year	-	1,194
Balance at end of the year	136,691	136,691

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £000	2004 £000
Opening shareholders' funds	136,691	135,497
Retained profit for the year	-	1,194
Closing shareholders' funds	136,691	136,691

SCOLAREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2005

9. CONTINGENT LIABILITIES AND GUARANTEES

Under a group registration the company is jointly and severally liable for VAT due by the other companies within the group registration. At 30 September 2005 this contingent liability amounted to £45,482,000 (2004 - £37,379,000).

10. PENSIONS

The company participated in the pension arrangements operated by Compass Group PLC. Within the UK there are three main arrangements:

- (i) Compass Group Final Salary Pension Plan 'the Plan'
- (ii) Compass Pension Scheme 'the Scheme'
- (iii) Compass Retirement Income Savings Plan, 'CRISP'

CRISP was launched on 1 February 2003. This is the main vehicle for pension provision for new joiners in the UK but existing members of the Plan and the Scheme will continue to accrue benefits under those arrangements. CRISP is a contracted-in money purchase arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 3%).

The Plan and the Scheme are defined benefit arrangements operated on a prefunded basis. The funding policy is to contribute such variable amounts, on the advice of the Actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries.

Particulars of the actuarial valuation of the schemes may be found in the Compass Group PLC financial statements.

Additional disclosures in respect of the Group's defined benefit pension schemes required under the transitional provisions of FRS 17 are set out below.

The assets and liabilities of the UK schemes operated by Compass Group PLC at 30 September 2005, excluding any transfers from Granada Group PLC Pension Scheme, show a net pension liability of £248M (2004 - £196M). As the pension scheme has members that are employed by more than one legal entity the directors do not consider that it is practical to provide the information on an individual company basis. As the assets and liabilities are not separately identifiable, the pension scheme is accounted for as a defined contribution scheme.

The pension charge for the year was £nil (2004 - £nil).

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is Compass Group, UK and Ireland Limited.

The ultimate parent company and controlling party is Compass Group PLC. This is the largest and smallest group into which the company is consolidated.

The only group of undertakings for which group accounts are drawn up and of which the company is a member is Compass Group PLC. Copies of the group accounts referred to above can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The company has taken advantage of the exemption contained in FRS 8 ("Related Party Transactions") which allows it not to disclose transactions with group entities or investees of the group qualifying as related parties. There were no other transactions which would be required to be disclosed under FRS 8.

As the company is a wholly owned subsidiary and the ultimate parent company prepares a group cash flow statement, the company is exempt from the requirement to publish a cash flow statement.

All the above-named companies are incorporated in Great Britain and registered in England and Wales.