

**Company Registration No. 1164520**

**SCOLAREST LIMITED**

**Report and Financial Statements**

**30 September 2006**

**TUESDAY**



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**10/07/2007**  
**COMPANIES HOUSE**

# **SCOLAREST LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

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# **SCOLAREST LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H K Goodman (resigned 31 December 2005)  
D G Mortimer (resigned 31 May 2007)  
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

# SCOLAREST LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2006

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Compass Group Holdings PLC and operates as part of the Compass Group UK & Ireland division

The company did not trade during the year, except as an undisclosed agent of Compass Contract Services (UK) Limited, a fellow subsidiary company. The directors are not aware, at the date of this report, of any major changes in the company's activities in the next year

As shown in the company profit and loss account on page 7, the company's turnover has decreased by 15% from the prior year. The company continues to maintain its net asset position as shown by the balance sheet on page 8

A prior year adjustment has been made which relates to the non-recognition of turnover. During the course of the year, management identified a number of units which had been inadvertently excluded. The effect of this adjustment is shown in note 2 to the accounts, the overall effect being nil

As the company transfers all beneficial interest to the principal company Compass Contracts Services (UK) Limited, the directors do not consider there to be any further key performance indicators for this company

### PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal risk as the correct recognition of turnover for this company. However, this risk is mitigated as all beneficial interest is transferred to Compass Contracts Services (UK) Limited.

The Balance Sheet on page 8 shows that the company's financial position at year-end is, in both net assets and cash terms, consistent with the prior year

### RESULTS AND DIVIDENDS

The results for the year are set out in the Profit and Loss Account on Page 7 of the financial statements. The profit for the year is £nil (2005 £nil). No dividends have been paid during the year (2005 £nil)

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently are shown on page 1. The beneficial interests of the Directors are as follows

	Ordinary shares of 2.5p each Compass Group PLC 30 September 2006	Ordinary shares of 2.5p each Compass Group PLC 30 September 2005 or subsequent date of appointment
	No	No
Ordinary shares		
M A Bond	30,028	35,028
D G Mortimer	1,000	1,000

# SCOLAREST LIMITED

## DIRECTORS' REPORT

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 2006				30 September 2005 or subsequent date of appointment
	Ordinary shares of 2.5p each under option	Granted in period	Exercised in period	Cancelled or lapsed in period	Ordinary shares of 2.5p each under option
	No	No	No	No	No
M A Bond	181,638	27,525	3,626	-	157,739
D G Mortimer	425,947	35,000	-	-	390,947

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

## DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force under which Compass Group PLC has agreed to indemnify T C Mason, who is company secretary of this company and also other Group companies, to the extent permitted by law and the Company's articles of association in respect of all losses arising out of or in connection with the execution of his powers, duties and responsibilities as a director or officer of the Company or any of its subsidiaries

## 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

## DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s234ZA of the Companies Act 1985

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



M Bond  
Director

## **SCOLAREST LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **SCOLAREST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOLAREST LIMITED**

We have audited the financial statements of Scolarest Limited for the year ended 30 September 2006 which comprise the profit and loss account and 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

## **SCOLAREST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOLAREST LIMITED CONTINUED**

#### **OPINION**

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its result for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and  
the information given in the directors' report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

**Chartered Accountants and Registered Auditors**

**Birmingham, United Kingdom**

Date *28 June 2007*



# SCOLAREST LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 September 2006

	Note	2006 £000	2005 (as restated see note 2) £000
<b>TURNOVER</b>	1,2	44,635	52,632
Transfer of beneficial interest to principal		<u>(44,635)</u>	<u>(52,632)</u>
<b>OPERATING PROFIT BEING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION BEING RETAINED</b>	3	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>-</u></u>	<u><u>-</u></u>

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 2006

	Note	2006 £000	2005 £000
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	5	136,691	136,691
<b>NET ASSETS</b>		<u>136,691</u>	<u>136,691</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	-	-
Profit and loss account	7	136,691	136,691
<b>SHAREHOLDERS' FUNDS</b>	8	<u>136,691</u>	<u>136,691</u>

These financial statements were approved by the Board of Directors on 20 June 2007

Signed on behalf of the Board of Directors



M Bond  
Director

The accompanying notes are an integral part of this balance sheet

# SCOLAREST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

### 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 company has taken advantage of the multi-employer exemptions within Financial Reporting Standard No 17. Contributions made to the scheme are accounted for as they are payable.

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. PRIOR PERIOD ADJUSTMENT

There is a prior year adjustment which is detailed below. The comparative figures in the primary statements and notes have been restated to reflect this adjustment.

The adjustment relates to the non-recognition of turnover. During the course of the year, management identified a number of units which had been inadvertently excluded. The effect of this adjustment is as follows:

Profit and Loss account	2006 £'000	2005 £'000
Turnover	-	9,368
Transfer of beneficial interest to principle	-	(9,368)
Increase of profit for the financial year	-	-

# SCOLAREST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

### 3. OPERATING PROFIT

The audit fee of £500 was borne by another group company (2005 £500)

The directors did not receive any remuneration in respect of services to this company

The company does not employ any staff

### 4. 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

	2006 No	2005 No
Number of directors who are members of a defined benefit pension scheme	2	2
Number of directors who exercised share options in the year	1	-

### 5. DEBTORS: AMOUNTS FALLING DUE WITHIN 1 YEAR

	2006 £000	2005 £000
Amounts owed by other group companies	136,691	136,691

### 6. CALLED-UP SHARE CAPITAL

	2006 £000	2005 £000
Authorised 100 ordinary shares of £1 each	-	-
Allotted, called-up and unpaid 100 ordinary shares of £1 each	-	-

### 7. PROFIT AND LOSS ACCOUNT

	2006 £000	2005 £000
At beginning of the year	136,691	136,691
Retained profit for the year	-	-
Balance at end of the year	136,691	136,691

### 8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £000	2005 £000
Opening shareholders' funds	136,691	136,691
Retained profit for the year	-	-
Closing shareholders' funds	136,691	136,691

## **SCOLAREST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2006**

#### **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 2006 this contingent liability amounted to £28,768,000 (2005 - £45,482,000)

The company has entered into cross guarantees in respect of

- i US\$420 million borrowed under fixed term, fixed interest private placements by the parent Compass Group Holdings PLC. As of 30 September 2006 the amount was reduced to US\$nil (2005 - US\$62 million)
- ii The Group overdraft facility with National Westminster Bank PLC. The amount drawn down at 30 September 2006 was £Nil (2005 - £Nil)

#### **10. PENSIONS**

The company participated in two defined benefit pension schemes, the Compass Group Final Salary Plan and the Compass Pension Scheme. The assets of the funds are held in separate trustee administered funds.

A third arrangement, the Compass Retirement Income Savings Plan (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 Compass Group Final Salary Plan and Compass Pension 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%). Within CRISP there has been a new defined contribution section established from April 2006 known as the Compass Higher Income Plan 'CHIP'. Senior employees who contribute to CRISP or to the Plan or Scheme will receive an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Company's discretion. The payment towards CHIP may be taken as a cash supplement instead of a pension contribution.

The total pension cost for the year was £nil (2005 - £nil). The company makes employers contributions to the various schemes in existence within the range of 6%-35% of pensionable salaries.

#### **COMPASS PENSION PLAN AND SCHEME**

The Plan and the Scheme are defined benefit arrangements that are closed to new entrants other than for transfers under public sector contracts where the Group is obliged to provide final salary benefits to transferring employees. Such transferees enter into special sections of the Plan, known collectively as 'the GAD sections', which have been certified by the Government Actuary's Department as 'broadly comparable' to the relevant public sector scheme. The Plan and the Scheme are 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.

The Scheme was set up from 1 February 2001 to mirror the Granada Pension Scheme and accept the seamless transfer of pension rights for the former Granada Compass plc employees who transferred to Compass Group PLC. All accrued rights in respect of the Granada Pension Scheme of and in respect of the employees and former employees (including pensioners) of, or who are attributed to, the hospitality businesses previously owned by Granada Compass plc were transferred to the Scheme together with an agreed share of all the assets of the Granada Pension Scheme under the terms of a specific agreement. The share of assets was determined on a 'share of fund' basis, whereby the assets transferred were in the same proportion of all the relevant assets of the Granada Pension Scheme as the liabilities transferred to the Scheme bear to the whole of the relevant liabilities of the Granada Pension Scheme. This has been calculated as a little under 30% as agreed between the actuaries of the respective Schemes. Interim transfers were made in 2001 and 2003. The final adjustments resulted in a further transfer of assets of £3.5 million which was received in May 2006.

With effect from 6 April 2006, after a thorough review by the Group, the pensions accruing under both the Plan and the Scheme for future service (other than for the protected members in the GAD sections) were reduced so that all members now accrue future benefits on an 80th of final salary basis. In addition, the Group has announced that increases to pensionable pay will be no more than 5% p.a., or the increase in the Retail Price Index if lower. This, together with additional funding (including a lump sum of £280 million from the proceeds of the SSP and Strand Palace hotel disposals) and a reduction in the risk profile of investments, means that the Group has taken appropriate measures to control future pension costs in the UK.

# SCOLAREST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

### 10. PENSIONS (CONTINUED)

Formal actuarial valuations of the Plan and the Scheme are carried out every three years. The most recent valuations were as at 5 April 2004. The Plan and the Scheme are reappraised annually by independent actuaries in accordance with FRS17 requirements.

Particulars of the actuarial valuation of the defined benefit schemes may be found in the Compass Group PLC financial statements. The asset valuation method used was the market value approach. The market value of the Plan's assets was £212 million as at 5 April 2004. The results of the valuation on the above basis showed that the value of the assets at 5 April 2004 represented 87% of the value of the accrued benefits after allowing for expected future increases in pensionable pay and pensions.

The market value of the Scheme's assets as at 5 April 2004 was £466 million. The results of the valuation on the above basis showed that the value of the assets at 5 April 2004 represented 95% of the value of the accrued benefits after allowing for expected future increases in pensionable pay and pensions.

The defined benefit schemes are closed to new entrants. For these schemes the current service cost will increase under the projected unit credit method as the members of the schemes approach retirement.

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.

Additional disclosures in respect of the Group's defined benefit pension schemes are set out below.

The assets and liabilities of the UK plans operated by Compass Group PLC at 30 September 2006 show a deficit of £64 million (2005 - £248million).

The assets and liabilities in the plan and the scheme and the expected rates of return were as follows.

The following FRS17 disclosures relate to the Plans.

	30 September 2006		30 September 2005	
	Long term expected rate of return	£m	Long term expected rate of return	£m
<b>Fair value of assets</b>				
Equities	7.7%	401	7.5%	496
Debt	4.7%	764	4.5%	310
Other	4.5%	13	4.0%	18
		<u>1,178</u>		<u>824</u>
Net present value of liability		(1,269)		(1,179)
		<u>(91)</u>		<u>(355)</u>
Total deficit in the scheme		(91)		(355)
Deferred tax asset		27		107
		<u>(64)</u>		<u>(248)</u>

	2006	2005
Rates of increase of salaries	2.8%/3.3%*	3.2%
Rates of increase of pensions in payment	2.8%	3.0%
Rates of increase for deferred pensions	2.8%/3.3%*	2.7%
Discount rate	5.0%	5.0%
Inflation assumption	2.8%	2.7%

\*varies according to the benefit structure

## **SCOLAREST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2006**

#### **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, Mandy, 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