

SCOLAREST LIMITED

Report and Financial Statements

30 September 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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SCOLAREST LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M A Bond
T Mason (appointed 11 October 2007)
D G Mortimer (resigned 31 May 2007)

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
& Registered Auditors
Birmingham

SCOLAREST LIMITED

DIRECTORS' REPORT CONTINUED

The directors present their annual report and the audited financial statements for the year ended 30 September 2007. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

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 principal activity for the company is catering. 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 6, the company's turnover has decreased by 53% from the prior year. The company continues to maintain its net asset position as shown by the balance sheet on page 7.

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 7 shows that the company's financial position at year-end is in net assets 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 6 of the financial statements. The profit for the year is £nil (2006: £nil). No dividends have been paid during the year (2006: £nil).

DIRECTORS' INDEMNITIES

The directors who served during the year are set out on page 1. As at the date of this report, no indemnities are in force for the directors of this company.

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


T C Mason
Director

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, and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOLAREST LIMITED

We have audited the financial statements of Scolarest Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 judgments 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOLAREST LIMITED

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 2007 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

12 June 2008

SCOLAREST LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 September 2007

	Note	2007 £000	2006 £000
TURNOVER	1	20,770	44,635
Transfer of beneficial interest to principal		(20,770)	(44,635)
OPERATING PROFIT BEING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION BEING PROFIT FOR THE FINANCIAL YEAR	2	-	-

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 2007

	Note	2007 £000	2006 (restated) £000
NON CURRENT ASSETS			
Debtors amounts due after one year	4	136,691	136,691
NET ASSETS		<u>136,691</u>	<u>136,691</u>
CAPITAL AND RESERVES			
Called up share capital	5	-	-
Profit and loss account	6	136,691	136,691
SHAREHOLDERS' FUNDS	7	<u>136,691</u>	<u>136,691</u>

These financial statements were approved by the Board of Directors on 11 June 2008

Signed on behalf of the Board of Directors



T C Mason
Director

The accompanying notes are an integral part of this balance sheet

SCOLAREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2007

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

Related party transactions

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

Cash flow statement

As the company is a wholly owned subsidiary and the ultimate parent company prepares a group cash flow statement, the company has taken advantage of the exemption in FRS 1 "Cash Flow Statements" from the requirement to publish a cash flow statement

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 9

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

Contract Revenue is recognised in line with the terms of the contracts and cash sales are recognised at the point of the sale

2. OPERATING PROFIT

The fees paid to the company's auditors for the audit of the financial statements of £500 (2006: £500) were borne by another group company. There were no fees paid to the auditors for non-audit services (2006: £nil)

The directors did not receive any remuneration in respect of services to this company (2006: £nil)

The company does not employ any staff (2006: none)

3. INFORMATION REGARDING DIRECTORS

	2007 No	2006 No
Number of directors who are members of a defined benefit pension scheme	<u>1</u>	<u>2</u>

4. DEBTORS: AMOUNTS DUE AFTER ONE YEAR

	2007 £000	2006 (restated) £000
Amounts owed by other group companies	<u>136,691</u>	<u>136,691</u>

The 2006 balance has been restated from less than one year to being due after one year, which is considered to be the correct presentation. The impact on the balance sheet is to reclassify from less than one year to greater than one year and there is no impact on the profit and loss

SCOLAREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2007

5. SHARE CAPITAL

	2007 £000	2006 £000
Authorised 100 ordinary shares of £1 each	-	-
Allotted, called up and fully paid 100 ordinary shares of £1 each	-	-

6. PROFIT AND LOSS ACCOUNT

	2007 £000	2006 £000
At beginning of the year	136,691	136,691
Result for the year	-	-
Balance at end of the year	136,691	136,691

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £000	2006 £000
Opening shareholders' funds	136,691	136,691
Result for the year	-	-
Closing shareholders' funds	136,691	136,691

8. 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 2007 this contingent liability amounted to £22,230,000 (2006 - £28,768,000)

The company has entered into cross guarantees in respect of the Group overdraft facility with National Westminster Bank PLC. The amount drawn down at 30 September 2007 was £nil (2006 - £nil)

9. PENSIONS

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%). 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 (2006 - £nil)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

9. PENSIONS (CONTINUED)

COMPASS 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. After a thorough review by the Group, the pensions accruing under the Plan and Scheme for service accruing after 6 April 2006 (other than for the protected members in the GAD sections) were reduced so that all members now accrue benefits on an 80th of final pensionable salary basis. In addition the link between pensionable pay and salary was removed so that pensionable pay from 6 April 2006 will only increase in line with salary up to a maximum of 5% per annum or the increase in the Retail

Price Index if lower. This change, together with additional funding (including a lump sum of £280 million in 2005/06 and a further £45 million in 2006/07 from the proceeds of the Selecta disposal) and a reduction in the risk profile of investments means that the Group has taken appropriate measures over the past two years to substantially reduce funding deficits in the UK.

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. 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 valuation due as at 5 April 2007 is underway and at an advanced stage, but the final results were not available at the time of the completion of this report. However, a significant improvement in the funding positions is expected, even allowing for the updated mortality assumptions.

CRISP has a corporate trustee. The Chairman, Tony Allen, is independent. The other five trustee directors are UK-based employees or former employees of the Group, four of whom have been member-nominated. The Plan has a corporate trustee with two independent directors, including the Chairman, Peter Morris. The other eight trustee directors are UK-based employees or former employees of the Group, four of whom have been member-nominated. The Scheme is a closed defined benefit arrangement and also has a corporate trustee. The Chairman, David Bishop, is independent. The remaining seven trustee directors are UK-based employees or former employees of the Group, three of whom have been member-nominated.

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 2007, excluding any transfers from Granada Group PLC Pension Scheme, show a net pension liability of £nil (2006 - £47 million).

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

SCOLAREST LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2007

9. PENSIONS (CONTINUED)

	30 September 2007		30 September 2006	
	Long term expected rate of return	£m	Long term expected rate of return	£m
Fair value of assets				
Equities	8.0%	383	7.7%	401
Bonds	5.3%	838	4.7%	764
Other	6.0%	69	4.5%	9
		<hr/>		<hr/>
Market value of scheme assets		1,290		1,174
Actuarial value of scheme assets		(1,199)		(1,241)
		<hr/>		<hr/>
Total surplus/(deficit) in the schemes		91		(67)
Deferred tax (liability)/asset		(27)		20
		<hr/>		<hr/>
Net FRS 17 asset/(liability)		64		(47)
		<hr/>		<hr/>

The major assumptions used in the actuarial valuation were

	2007	2006
Rates of increase of salaries	3.2%/4.2%*	2.8%/3.3%*
Rates of increase of pensions in payment	3.2%/3.5%*	2.8%
Rates of increase for deferred pensions	3.2%	2.8%/3.0%*
Discount rate	5.8%	5.0%
Inflation assumption	3.2%	2.8%

*varies according to the benefit structure

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is Sutcliffe Catering South East 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.

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