

Sodexho Pass Limited  
Annual report  
for the year ended 31 August 2002

Registered Number 2680629



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Annual report  
for the year ended 31 August 2002

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# **Sodexho Pass Limited**

## **Directors and Advisors for the year ended 31 August 2002**

### **Directors**

Pierre Henry  
Albert Louis Leon George  
Sodexho Corporate Services (No.1) Limited  
Sodexho Corporate Services (No.2) Limited

### **Secretary**

Sodexho Corporate Services (No.2) Limited

### **Auditors**

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Solicitors**

Berwin Leighton Paisner  
Bouverie House  
154 Fleet Street  
London  
EC4A 2DQ

### **Bankers**

HSBC  
City Of London Corporate Office  
PO Box 125  
27-32 Poultry  
LONDON  
EC2P 2BX

### **Registered Office**

Kenley House  
Kenley Lane  
Kenley  
SURREY  
CR8 5ED

### **Registered Number**

2680629

# **Sodexho Pass Limited**

## **Directors' report for the year ended 31 August 2002**

The directors present their report and the audited financial statements for the year ended 31 August 2002.

### **Review of business and future developments**

The company's principal activity is the manufacture, distribution and management of voucher services.

In the year ended 31 August 2002, the company made a profit after taxation of £682,000 (2001: £268,000).

The directors proposed and paid a dividend of £216,000 (2001: £nil).

The directors consider that in the present economic climate the company achieved a satisfactory trading performance and are confident about its future prospects.

### **Directors and their interests**

The directors who held office during the year are given below.

Francois Decaudin  
Albert Louis Leon George  
Pierre Henry (appointed 1 March 2002)  
Sodexho Corporate Services (No.1) Limited  
Sodexho Corporate Services (No.2) Limited

M. Decaudin resigned as a director of the company on 1 March 2002

None of the directors had any interests in the share capital of the company during the year and no disclosure is required of any interests in the share capital of the ultimate holding company, Sodexho Alliance SA, because that company is not incorporated in Great Britain and in accordance with the exceptions to the Companies Act 1985 contained in Statutory Instrument 802 of 1985.

During the year, none of the directors had a material interest in a beneficial capacity in any contract which was significant in relation to the company's business.

### **Employees and employee involvement**

The directors recognise the importance of good communications and relations with employees, and systems which will develop and improve these are continually being sought. The company is committed to providing staff and management training designed to develop the necessary attitudes and skills to foster good communication and consultation at all levels with a view to informing and involving staff in the progress of the company and its future financial plans.

### **Employment of disabled persons**

It is the policy of the company to employ people who are handicapped by disablement, provided it is practicable to offer them suitable employment, and to make every effort to provide appropriate employment for employees who become disabled. It is the intention to give disabled people opportunities for training, career development and promotion consistent with their capabilities. The individual needs of the disabled are taken into consideration and where practicable special arrangements are made to enable them to carry out their work.

# Sodexo Pass Limited

## Insurance of directors

The company maintains insurance for directors and officers in respect of their duties as directors and officers of the company.

## Creditor payment policy

The company's current policy concerning the payment of the majority of its trade creditors is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

## Statement of directors' responsibilities

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the period to that date. In preparing those financial statements the directors are required:

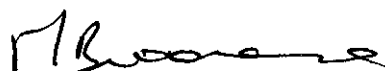
- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements of the company comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



M Woolhouse  
Authorised signatory  
Sodexo Corporate Services (No.2) Limited  
Company secretary

20 July 2003

# Sodexho Pass Limited

## Auditors' report to the members of Sodexho Pass Limited

We have audited the financial statements which comprise profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the directors' report.

### Basis of audit opinion

We conducted our audit in accordance with 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 at 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Manchester

20 July 2003

# Sodexo Pass Limited

## Profit and loss account for the year ended 31 August 2002

	Note	2002 £'000	2001 £'000
<b>Turnover</b>		<b>6,597</b>	2,419
Cost of sales		(3,212)	(708)
<b>Gross profit</b>		<b>3,385</b>	1,711
Administration expenses		(3,324)	(1,756)
<b>Operating Profit/(loss)</b>		<b>61</b>	(45)
Interest receivable	3	918	479
<b>Profit on ordinary activities before taxation</b>	1	<b>979</b>	434
Taxation on profit on ordinary activities	4	(297)	(166)
<b>Profit for the financial year</b>		<b>682</b>	268
Dividend		(216)	-
<b>Profit Carried Forward to Reserves</b>	10,11	<b>466</b>	268

All the activities undertaken during the year are continuing.

There is no difference between the results stated above and the results on an unmodified historical cost basis.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

# Sodexo Pass Limited

## Balance sheet as at 31 August 2002

	Note	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Tangible assets	5	151	304
<b>Current assets</b>			
Stock		32	64
Debtors	6	46,892	13,656
Cash at bank and in hand		28,658	8,465
		<b>75,582</b>	<b>22,185</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	7	(74,551)	(21,773)
<b>Net current assets</b>		<b>1,031</b>	<b>412</b>
<b>Net assets</b>		<b>1,182</b>	<b>716</b>
<b>Capital and reserves</b>			
Called up share capital	9	500	500
Profit and loss account	10	682	216
<b>Equity shareholders' funds</b>	11	<b>1,182</b>	<b>716</b>

The financial statements on pages 5 to 13 were approved by the board of directors on 2 July 2003 and were signed on its behalf by:

  
**Pierre Henry**  
**Director**



# Sodexho Pass Limited

## Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The company has adopted FRS17, Retirement benefits and FRS18, Accounting policies and FRS19, Deferred Taxation during the period, with no impact on the financial statements. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### Basis of accounting

The accounts are prepared under the historical cost convention.

### Turnover

Turnover represents the amount receivable for goods sold and services provided, excluding value added tax. Turnover is generated entirely within the UK.

### Fixed assets - depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Buildings	3 years
Office furniture/ fittings	3 years
Computer equipment	2 years

### Pension costs

Contributions to the Sodexho Pension Schemes are assessed by an independent qualified actuary based on the cost of providing pensions across all participating group companies, rather than on an individual company basis. Employer's contributions are charged to the profit and loss account in the year in which they become payable.

### Cash flow statement

The company has taken advantage of the exemption under FRS 1 (revised) and not published a cash flow statement. The cash flows of the group are included in the consolidated cash flow statement of the ultimate parent undertaking.

### Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end, except where covered by forward contracts. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

### Deferred taxation

Provision is made, using the liability method, for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements, except to the extent that the liability is not expected to crystallise in the foreseeable future.

### Leased assets

Lease payments in respect of operating leases are charged to the profit and loss account as incurred. Assets held under finance leases are capitalised and depreciated over the shorter of their useful economic life and the lease term. Liabilities are shown in creditors and interest is allocated to years based on the amount outstanding in that year.

### Related party transactions

The company has taken advantage of the exemption permitted under FRS8 to omit disclosures of transactions between companies which are 90% or more owned by the same group and included in publicly available consolidated accounts.

# Sodexo Pass Limited

## Notes to the financial statements for the year ended 31 August 2002

### 1 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
Depreciation	214	179
Operating lease charges – other	68	66
Auditors fees – audit	5	5

### 2 Directors, employees and pension costs

	2002	2001
The average number of persons employed by the company during the year were:		
Production	15	13
Administration	29	25
	44	38
	£'000	£'000
Costs relating to these employees amounted to:		
Wages and salaries	1,156	882
Social Security costs	91	75
Other pension costs	58	51
	1,305	1,008

The directors received no remuneration for their services to the company during the year (2001: £Nil).

# Sodexo Pass Limited

## 3 Interest payable/receivable

	2002 £'000	2001 £'000
<b>Interest payable</b>		
Bank interest and similar items	-	-
<b>Interest receivable</b>		
Bank interest	918	479
	<b>918</b>	<b>479</b>

## 4 Taxation

	2002 £'000	2001 £'000
United Kingdom corporation tax at 30%		
Current year charge/(credit)	336	193
(Over)/under provision in respect of prior years	(29)	21
	<b>307</b>	<b>214</b>
Deferred taxation		
Current year (credit)	(31)	(51)
Under provision in respect of prior years	21	3
	<b>297</b>	<b>166</b>

The tax charge for the year is higher than the standard rate of tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	979	434
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	294	130
Effects of:		
Adjustments in respect of prior years	(29)	21
Excess of capital allowances over depreciation	10	48
Non deductible items	32	15
Current tax charge for the year	<b>307</b>	<b>214</b>

# Sodexo Pass Limited

## 5 Tangible fixed assets

	Building improvements	Office furniture/ fixtures	Computer equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2001	240	138	169	547
Additions	-	31	30	61
<b>At 31 August 2002</b>	<b>240</b>	<b>169</b>	<b>199</b>	<b>608</b>
<b>Depreciation</b>				
At 1 September 2001	(125)	(24)	(94)	(243)
Charge for year	(86)	(55)	(73)	(214)
<b>At 31 August 2002</b>	<b>(211)</b>	<b>(79)</b>	<b>(167)</b>	<b>(457)</b>
<b>Net book value</b>				
<b>At 31 August 2002</b>	<b>29</b>	<b>90</b>	<b>32</b>	<b>151</b>
At 31 August 2001	115	114	75	304

## 6 Debtors

	2002 £'000	2001 £'000
Trade debtors	10,537	273
Prepayments and accrued income	553	142
Deferred taxation (note 8)	58	48
Other debtors	35,144	6,126
Amounts owed to group companies	600	7,067
	<b>46,892</b>	<b>13,656</b>

All amounts are due within one year.

Other debtors represent the face value of vouchers issued to clients and due for reimbursement.

# Sodexho Pass Limited

## 7 Creditors - amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	19,975	449
Amounts owed to group undertakings	173	171
Taxation and social security	665	114
Other creditors	52,892	20,635
Accruals and deferred income	846	404
	<b>74,551</b>	<b>21,773</b>

Other creditors represent the face value of vouchers issued to clients which have not yet been redeemed.

## 8 Deferred tax

	Deferred taxation £'000
Balance as at 1 January 2002	(48)
Release to the profit and loss account	(10)
<b>Balance at 31 December 2002</b>	<b>(58)</b>

### The amounts provided for deferred taxation

	2002 £'000	2001 £'000
Accelerated capital allowances	(58)	(48)

There is no unprovided liability for deferred taxation.

## 9 Called up share capital

### Authorised share capital

	£'000
Authorised, allotted and fully paid	
500,000 ordinary shares £1 each	500
<b>At 31 August 2002</b>	<b>500</b>

# Sodexho Pass Limited

## 10 Reserves

	Profit and loss account £'000
At 31 August 2001	216
Profit for the year	466
At 31 August 2002	682

## 11 Reconciliation of movements in equity shareholders' funds

	£'000
Shareholders' funds at 31 August 2001	716
Profit for the year	466
Shareholders' funds at 31 August 2002	1,182

## 12 Pension commitments

The employees of the company are members of a funded group occupational scheme, the Sodexho Pension Fund ('the fund'), a defined benefit pension scheme, which provides benefits based on final salary for eligible employees. An actuarial valuation of the fund was carried out by an independent qualified actuary as at 5 April 2000 using the projected unit method.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the Sodexho Pension Fund is a multi-employer pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The pension cost of the fund which related to the company was £ 57,521 (2001: £51,403).

## 13 Lease commitments

At 31 August 2002, there were commitments to make the following annual payments under non-cancellable operating leases relating to land and buildings.

	2002 £'000	2001 £'000
Operating leases which expire:		
Between one and two years	68	66

## **Sodexo Pass Limited**

### **14 Contingent liabilities**

There were no contingent liabilities at 31 August 2002 or at 31 August 2001.

### **15 Related party transactions**

The group has taken exemption under Financial Reporting Standard Number 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent undertaking.

### **16 Ultimate parent and ultimate controlling party**

In the opinion of the directors the company's ultimate controlling party is the ultimate parent company, Sodexo Alliance SA, a company incorporated in France. Copies of that company's consolidated financial statements may be obtained from The Secretary, Sodexo Alliance SA, 3 Avenue Newton, 78180 Montigny-le-Bretonneux, France.

The immediate parent undertaking is Sodexo Pass International SA, a company incorporated in France.