

Sodexho Holdings Limited

Annual report

for the year ended 31 August 2000

Registered Number 2987170





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Annual report  
for the year ended 31 August 2000

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# **Sodexho Holdings Limited**

## **Directors and Advisors for the year ended 31 August 2000**

### **Directors**

P Bellon  
B Carton  
R S Herbert-Jones  
D Robin

### **Secretary**

N A Mead

### **Auditors**

PricewaterhouseCoopers  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Bankers**

Société Générale  
Exchange House  
Primrose Street  
London  
EC2

Citibank NA  
336 Strand  
London  
WC2R 1HB

### **Registered Office**

Kenley House  
Kenley Lane  
Kenley  
Surrey  
CR8 5ED

### **Registered Number**

2987170



# **Sodexho Holdings Limited**

## **Directors' report for the year ended 31 August 2000**

The directors present their report and the audited financial statements for the year ended 31 August 2000.

### **Change of name**

On 22 February 2000, the company changed its name from Sodexho Gardner Merchant Alliance Limited to Sodexho Holdings Limited.

### **Principal activities and review of business**

The principal activity of the company is that of a holding company.

### **Results and dividends**

The directors do not recommend the payment of any ordinary dividends in respect of the year ended 31 August 2000, but a preference dividend of £1,844,000 (1999: £1,844,000) has been accrued. The retained profit for the year, amounting to £19,096,000 (1999: £32,014,000) has been transferred to reserves.

### **Directors and their interests**

The directors of the company at the date of signing these financial statements, all of whom have been in office throughout the year, are listed on page 1.

There were no contracts of significance subsisting during or at the end of the financial year in which a director of the company was materially interested.

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, by virtue of that company not being incorporated in Great Britain and in accordance with the exceptions to the Companies Act 1985 contained in Statutory Instrument 802 of 1985.

### **Euro**

A Euro strategy has been established for the Sodexho Group of which Sodexho Holdings Limited is a member. Details are contained within the Sodexho Limited Annual Report for the year ended 31 August 2000, the principal UK trading company of the Group.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 August 2000 and that applicable accounting standards have been followed.

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.

# Sodexo Holdings Limited

## Auditors

The company has availed itself of the elective regime as permitted under section 379A of the Companies Acts 1985 and 1989 and therefore does not need to re-appoint PricewaterhouseCoopers on an annual basis.

By order of the board



N A Mead  
Company Secretary  
15 December 2000



# Sodexho Holdings Limited

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

We have audited the financial statements on pages 5 to 12, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.


### 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Manchester  
15 December 2000

# Sodexho Holdings Limited

## Profit and loss account for the year ended 31 August 2000

	Note	2000 £'000	1999 £'000
Administrative expenses	3	(4)	(6)
Income from interests in subsidiary undertakings		31,916	47,301
<b>Operating profit</b>		<b>31,912</b>	<b>47,295</b>
Interest receivable	5	955	576
Interest payable and similar charges	6	(16,674)	(19,842)
<b>Profit on ordinary activities before taxation</b>		<b>16,193</b>	<b>28,029</b>
Tax on profit on ordinary activities	4	4,747	5,827
<b>Profit on ordinary activities after taxation</b>		<b>20,940</b>	<b>33,856</b>
Preference dividend		(1,844)	(1,842)
<b>Retained profit for the financial year</b>	14	<b>19,096</b>	<b>32,014</b>

All the activities during the year and in the comparative period were continuing.

There were no gains or losses other than those shown in the profit and loss account.

# Sodexho Holdings Limited

## Balance sheet as at 31 August 2000

	Note	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Tangible assets	7	155	155
Investments	8	610,511	610,163
		<b>610,666</b>	<b>610,318</b>
<b>Current assets</b>			
Debtors	9	3,634	3,380
Tied cash deposit	10	4,205	4,734
Cash at bank and in hand		22,217	406
		<b>30,056</b>	<b>8,520</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(40,167)</b>	<b>(61,287)</b>
<b>Net current liabilities</b>		<b>(10,111)</b>	<b>(52,767)</b>
<b>Total assets less current liabilities</b>		<b>600,555</b>	<b>557,551</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(196,908)</b>	<b>(173,000)</b>
<b>Net assets</b>		<b>403,647</b>	<b>384,551</b>
<b>Capital and reserves</b>			
Called up share capital	13	343,500	343,500
Profit and loss account	14	60,147	41,051
<b>Total shareholders' funds</b>	15	<b>403,647</b>	<b>384,551</b>
<b>Analysis of shareholders' funds</b>			
Equity		368,035	350,783
Non-equity		35,612	33,768
<b>Total shareholders' funds</b>	15	<b>403,647</b>	<b>384,551</b>

The financial statements on pages 5 to 12 were approved by the board of directors on 15 December 2000 and were signed on its behalf by:

*R S Herbert-Jones*

R S Herbert-Jones  
Director

# Sodexho Holdings Limited

## Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

### **Intermediate parent undertaking**

The financial statements contain information about Sodexho Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements, as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Sodexho Alliance SA, a company registered in France.

### **Tangible fixed assets**

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

Computer equipment	25%
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### **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 will not crystallise in the foreseeable future.

### **Finance costs**

Interest costs are accrued for in accordance with amounts payable to the lenders on the reducing balances outstanding.

### **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**

All foreign exchange differences are taken to the company's profit and loss account in the year in which they arise.

# Sodexho Holdings Limited

## Notes to the financial statements for the year ended 31 August 2000

### 1 Directors' emoluments

No director received any remuneration in respect of his service to the company during the year (1999: £Nil).

### 2 Employee information

The company had no employees in 2000 or 1999.

### 3 Profit on ordinary activities

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	4	4

### 4 Taxation on profit on ordinary activities

The tax credit of £4,747,000 (1999 : £5,827,000) arises from group companies paying for losses surrendered to them.

### 5 Interest receivable

	2000 £'000	1999 £'000
Inter-group interest on loans repayable within five years, not by instalments	255	226
Interest receivable on bank deposits	700	350
	955	576

### 6 Interest payable and similar charges

	2000 £'000	1999 £'000
Interest payable on loan notes	270	351
Inter-group interest and similar charges on loans repayable within five years	16,404	19,491
	16,674	19,842

# Sodexho Holdings Limited

## 7 Tangible fixed assets

	Assets under construction £'000	Total £'000
<b>Cost and net book value</b>		
At 1 September 1999	155	155
<b>At 31 August 2000</b>	<b>155</b>	<b>155</b>

Assets under construction represent IT developments to be depreciated over four years from the date of commissioning.

## 8 Fixed asset investments

	2000 £'000	1999 £'000
<b>Cost of investments in subsidiary undertakings</b>		
Opening balance	610,163	607,814
Additions	348	5,052
Disposals	-	(2,530)
Amounts written off	-	(173)
<b>Closing balance</b>	<b>610,511</b>	<b>610,163</b>

In the opinion of the directors, the value of the investments is not less than the book amount shown above.

The additions during the year comprised a £348,000 additional investment in Sodexho Support Services Limited.

# Sodexho Holdings Limited

## Interests in group undertakings

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the group.

The company's principal subsidiary undertakings which are all wholly owned either directly or indirectly are as follows:

Name of undertaking	Country of incorporation or registration	Description of shares held	Major activity	% Holding	
				Direct	Indirect
Sodexho Services Group Limited	England and Wales	Ordinary £1 shares	Holding company	100%	
Tillery Valley Foods Limited	England and Wales	Ordinary £1 shares Redeemable ordinary £1 shares Preference £1 shares	Food and management services	100%	
Sodexho Management Services Limited	England and Wales	Ordinary £1 shares	Food and management services	100%	
Sodexho Support Services Limited	Scotland	Ordinary £1 shares	Food and management services	100%	
Sodexho International Holdings Limited	England and Wales	Ordinary £1 shares	Non-trading		100%
Sodexho Limited	England and Wales	Ordinary £1 shares	Food and management services		100%
Sodexho Services UK Limited	Scotland	Ordinary £1 shares	Food and management services		100%
Sodexho Prestige Limited	England and Wales	Ordinary £1 shares	Food and management services		100%
Gilmour & Pether Limited	England and Wales	Ordinary £1 shares	Food and management services		100%
Town & County Catering Limited	England and Wales	Ordinary £1 shares	Food and management services		100%
Ring & Brymer Holdings Limited	England and Wales	Ordinary £1 shares	Food and management services		100%
Wheatsheaf Catering Limited	Scotland	Ordinary £1 shares	Food and management services		100%
Van Hecke BV	Netherlands	Shares of Hfl 100	Food and management services		100%
Lawson Beaumont Limited	England and Wales	Ordinary £0.10 shares	Food and management services		100%
Cadogan Caterers Limited	England and Wales	Ordinary £1 shares	Food and management services		100%
Kelvin International Services Limited	Scotland	Ordinary £1 shares	Food and management services		55%
Universal-Kelvin Limited	Scotland	Ordinary £1 shares and A Preference shares of £1	Food and management services		55%

# Sodexho Holdings Limited

## 9 Debtors

	2000 £'000	1999 £'000
Amount owed by subsidiary undertaking	3,579	3,380
Amount owed by parent company	55	-
	<b>3,634</b>	<b>3,380</b>

## 10 Tied cash deposit

	2000 £'000	1999 £'000
Amount deposited with bank pursuant to a deed of deposit and security in respect of the Sodexho Services Group Limited loan notes creditor (see note 11)	4,205	4,734

## 11 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Sodexho Services Group Limited loan notes (see note 10)	4,205	4,734
Amount owed to subsidiary undertakings	31,019	12,099
Loan from parent undertaking	-	33,000
Other amounts owed to parent undertaking	4,912	11,380
Taxation	27	66
Accruals	4	8
	<b>40,167</b>	<b>61,287</b>

The Sodexho Services Group Limited loan notes were issued under an instrument dated 1 February 1995 in part consideration for the acquisition of Sodexho Services Group Limited. The rate of interest payable is LIBOR less one half of one percent. The notes are redeemable upon notice from the noteholders between 28 February 1996 and 28 February 2005.

## 12 Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Loan from fellow subsidiary undertaking	196,908	173,000
Repayable as follows:		
Between one and two years	-	41,000
Between two and five years	196,908	132,000
	<b>196,908</b>	<b>173,000</b>

The company has entered into a swap arrangement with its bankers to manage the currency exposure associated with both principal and interest on the above loan, which is denominated in Euros, whereby the loan agreement Euro rate of 5.25% has been exchanged for a sterling swap rate of 8.3%.



# Sodexho Holdings Limited

## 13 Called up share capital

	2000 £'000	1999 £'000
<b>Authorised allotted, called up and fully paid</b>		
312,800,000 ordinary shares of £1 each	312,800	312,800
30,700,000 redeemable preference shares of £1 each	30,700	30,700
	<b>343,500</b>	<b>343,500</b>

The 6% preference shares, which do not carry any voting rights, were issued in 1998 at £1 per share and are redeemable at £1 at the option of the shareholders on 31 October 2003. Shareholders can vote to have an earlier redemption date.

## 14 Profit and loss account

	£'000
Retained profit at 1 September 1999	41,051
Retained profit for the year	19,096
<b>Retained profit at 31 August 2000</b>	<b>60,147</b>

## 15 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	20,940	33,856
Preference dividends	(1,844)	(1,842)
Opening shareholders' funds	384,551	352,537
<b>Closing shareholders' funds</b>	<b>403,647</b>	<b>384,551</b>

## 16 Related party disclosures

As a wholly owned subsidiary undertaking, the company has taken advantage of the exemption available under FRS8 not to disclose details of transactions with other members of the Sodexho Alliance SA Group.

## 17 Ultimate parent company and ultimate controlling party

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