

**Sodexo Holdings Limited**

**Directors' report and financial  
statements**

**Registered number 2987170**

**31 August 2009**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2009

### Principal activities and business review

The principal activity of the Company continues to be that of a holding Company

### Political and charitable contributions

The Company made no political contributions during the year (2008 nil)

The Company made no donations to UK charities (2008 nil)

### Proposed dividend

The profit for the financial year amounted to £45,846,000 (2008 loss £7,254,000)

Dividends paid during the year comprise an interim dividend of £32,000,000 (2008 £2,815,000) in respect of the year ended 31 August 2009. This represents 6.2p per ordinary and preference share.

### Going concern

The directors have considered the future profitability of the Company and its ability to continue as a going concern and have prepared profit and cash flow forecasts into the future. Based on these projections the directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

### Directors

The directors who held office during the year were as follows

P E R Jansen	Appointed 15 June 2009	Resigned 1 March 2010
Y F D Coleou	Appointed 1 September 2008	Resigned 18 March 2009
A J Connolly		

### Employees

No staff were employed by the Company during the year

### Insurance of directors

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

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



GLS John  
Company Secretary

Solar House  
Kings Way  
Stevenage  
Hertfordshire  
SG1 2UA  
25 May 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They 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.



**KPMG LLP**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Independent auditors' report to the members of Sodexo Holdings Limited**

We have audited the financial statements of Sodexo Holdings Limited for the year ended 31 August 2009 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditors' report to the members of Sodexo Holdings Limited** *(continued)*

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Mark Barilache (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

25/5/10

**Profit and loss account**  
*for the year ended 31 August 2009*

	<i>Note</i>	<b>2009 £000</b>	<b>2008 £000</b>
Operating expenses	2	(5,383)	(5 502)
<b>Operating loss</b>		<b>(5,383)</b>	<b>(5 502)</b>
Income from shares in group undertakings		52,391	173
Other interest receivable and similar income	6	724	1,969
Interest payable and similar charges	7	(4,502)	(7 065)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<b>43,230</b>	<b>(10 425)</b>
Tax on profit/(loss) on ordinary activities	8	2,616	3 171
<b>Retained profit/(loss) for the year</b>		<b>45,846</b>	<b>(7 254)</b>

All results arise from continuing operations

The Company has no recognised gains or losses, other than the profit/(loss) above for both the current and previous year and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and the historic equivalents

## Balance sheet

at 31 August 2009

	<i>Note</i>	<b>2009 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>	<b>2008 £000</b>
<b>Fixed assets</b>					
Investments	9		902,977		902 977
			<u>902,977</u>		<u>902 977</u>
<b>Current assets</b>					
Debtors (including £3 154 500 (2008 £3 154 500) due after more than one year)	10	45,560		28 094	
		<u>45,560</u>		<u>28 094</u>	
<b>Creditors</b> amounts falling due within one year	11	(357,743)		(316,334)	
<b>Net current liabilities</b>			(312,183)		(288 240)
<b>Total assets less current liabilities</b>			590,794		614 737
<b>Creditors:</b> amounts falling due after more than one year	12		(43,000)		(80,789)
<b>Net assets</b>			<u>547,794</u>		<u>533 948</u>
<b>Capital and reserves</b>					
Called up share capital	13		513,646		513 646
Profit and loss account	14		25,554		11,708
Capital contribution reserve	14		8,594		8 594
<b>Shareholders' funds - Equity</b>			<u>547,794</u>		<u>533,948</u>

These financial statements were approved by the board of directors on 25 May 2010 and were signed on its behalf by



**A J Connolly**  
Director

Sodexo Holdings Limited registration number 2987170



**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 August 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>Profit/ (loss) for the financial year</b>		<b>45,846</b>	<b>(7,254)</b>
Dividends on shares classified in shareholders' funds	<i>10</i>	<b>(32,000)</b>	<b>(2,815)</b>
<b>Net addition/ (reduction) in shareholders' funds</b>		<b>13,846</b>	<b>(10,069)</b>
Opening shareholders' funds		<b>533,948</b>	<b>544,017</b>
<b>Closing shareholders' funds</b>		<b>547,794</b>	<b>533,948</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The financial statements have been prepared on the going concern basis

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Sodexo S A , a company registered in France, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Sodexo S A , within which this Company is included, can be obtained from the address given in note 18.

The directors have considered the future profitability of the Company and its ability to continue as a going concern and have prepared profit and cash flow forecasts into the future. Based on these projections the directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

#### *Fixed asset investments*

Shares in subsidiary undertakings are stated at cost less provisions for any diminution in value.

#### *Classification of financial instruments issued by the Company*

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 2 Operating expenses

	2009 £000	2008 £000
Other charges	5,383	5,502
	<u>5,383</u>	<u>5,502</u>

Other charges represent central costs associated with the Sodexo UK Group activities which are not recharged to subsidiary undertakings.

### 3 Profit/(loss) on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2009 £000	2008 £000
<i>Auditors' remuneration</i>		
Audit of these financial statements	30	14
	<u>30</u>	<u>14</u>

### 4 Directors' emoluments

No directors received emoluments for their services to the Company (2008: £nil).

### 5 Employee information

No persons were employed by the Company during the current or previous financial year.

### 6 Interest receivable

	2009 £000	2008 £000
Receivable from group undertakings	724	1,969
	<u>724</u>	<u>1,969</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2009 £000	2008 £000
Payable to group undertakings	4,502	7 065

### 8 Taxation

#### *Analysis of credit in period*

	2009 £000	2008 £000
<i>Current tax</i>		
UK corporation tax	(2,565)	(4 068)
Adjustments in respect of previous periods	(121)	(614)
<b>Total current tax credit</b>	<b>(2,686)</b>	<b>(4 682)</b>
<i>Deferred tax</i>		
Origination and reversal of timing differences		938
Adjustments in respect of previous periods	70	573
<b>Total deferred tax</b>	<b>70</b>	<b>1 511</b>
<b>Tax on profit on ordinary activities</b>	<b>(2,616)</b>	<b>(3,171)</b>

#### *Factors affecting the tax credit for the current period*

On 1 April 2008, the standard rate of corporation tax changed to 28% and capital allowance legislation impacting on the calculation of the deferred tax provision of the Company was introduced for taxable periods on or after 1 April 2008. For the purpose of the Company accounts to 31 August 2008, a blended rate of corporation tax has been applied.

The current tax credit (2008 credit) for the period is higher (2008 higher) than the standard rate of corporation tax of 28% (2008 blended rate of 29.2%). The differences are explained below:

	2009 £000	2008 £000
Profit/ (loss) on ordinary activities before tax	43,229	(10 425)
Current tax at standard rate of 28% (2008 blended rate of 29.2%)	12,104	(3,041)
<i>Effects of</i>		
UK dividends received	(14,669)	(50)
Short term timing differences	-	(977)
Adjustments in respect of prior year	(121)	(614)
<b>Current tax credit for period</b>	<b>(2,686)</b>	<b>(4,682)</b>

## Notes (continued)

### 9 Fixed asset investments

	Shares in subsidiary undertakings £000	Loans to group undertakings £000	Total £000
<b>Cost</b>			
At beginning of year	909 200	4 378	913 578
Additions	1 500	-	1 500
Disposals	-	(1,500)	(1 500)
At end of year	910 700	2 878	913 578
<b>Provisions</b>			
At beginning of year	(10 601)	-	(10 601)
At end of year	(10,601)	-	(10 601)
<b>Net book value</b>			
31 August 2009	900,099	2,878	902,977
31 August 2008	898,599	4 378	902 977

The principal companies in which the Company's interest at the year end is more than 20% are as follows

	Country of Incorporation	Principal activity	Class and Percentage of shares held
<b>Direct Subsidiary undertakings</b>			
Sodexo Limited	England and Wales	Catering and support services	Ordinary 100%
Sodexo Services Group Limited	England and Wales	Support services	Ordinary 100%
Tillery Valley Foods Limited	England and Wales	Catering and support services	Ordinary 100%
Sodexo Investment Services Limited	England and Wales	Investment holding company	Ordinary 100%
Sodexo Management Services Limited	England and Wales	Non-trading	Ordinary 100%
Sodexo Support Services Limited	Scotland	Catering and support services	Ordinary 100% Cumulative 6% Preference 100%
Sodexo Corporate Services (No 1) Limited	England and Wales	Dormant	Ordinary 100%
Sodexo Corporate Services (No 2) Limited	England and Wales	Dormant	Ordinary 100%
The Brand Group Limited	England and Wales	Dormant	Ordinary 100% Preference 100%
Sodexo Foundation	England and Wales	Charitable company	-

## Notes (continued)

### 10 Dividends

The aggregate amount of dividends comprises

	2009 £000	2008 £000
Interim dividends paid in respect of the current year	32,000	2 815
Aggregate dividends paid in the financial year	<u>32,000</u>	<u>2 815</u>

### 11 Debtors

	2009 £000	2008 £000
<b>Amounts falling due within one year</b>		
Amounts owed by subsidiary undertakings	42,333	24 836
Deferred tax assets	-	70
Prepayments and accrued income	72	33
<b>Total debtors due within one year</b>	<u>42,405</u>	<u>24,939</u>
<b>Amounts falling due after more than one year</b>		
Investment in Agecroft Prison Management sub-debt (see note 16)	3,155	3 155
<b>Total Debtors</b>	<u>45,560</u>	<u>28 094</u>

Included with amounts owed by subsidiary undertakings are loans repayable on demand of £14,183,000 (2008 £17,853,000) Where interest has been charged it has been charged at base rate plus 50 base points

Interest on amounts due from Agecroft Prison Management is receivable twice annually in arrears at an interest rate of 13.367% (2008 6.33%) per annum or such other rate as may be agreed from time to time. Late payment penalty interest is charged to the related party at an interest rate of 15.367%. Amounts are recoverable on 6 July 2023.

The amounts provided for deferred taxation are as follows

	2009 £000	2008 £000
<b>Deferred tax</b>		
Short term timing differences	-	70
	<u>-</u>	<u>70</u>
Asset at start of year	70	1 581
Charge to profit & loss account	(70)	(1 511)
<b>Deferred tax asset at end of year</b>	<u>-</u>	<u>70</u>

## Notes (continued)

### 12 Creditors amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to fellow subsidiary undertakings	357,713	316 302
Accruals and deferred income	30	32
	<u>357,743</u>	<u>316 334</u>

Included in amounts owed to parent and fellow subsidiary undertakings is an amount of £9,135,000 repayable on demand at a rate of 5.16% and £50,000,000 repayable on demand at a rate of base rate plus 50 base points

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

	2009 £000	2008 £000
Amounts owed to fellow subsidiary undertakings	43,000	80,789

Amounts owed to fellow subsidiary undertakings are repayable over the period to August 2012 at an interest rate of base rate plus 50 base points

Analysis of debt	2009 £000	2008 £000
Debt can be analysed as falling due		
In one year or less or on demand	357,713	316 302
Between one and two years	29,000	37 789
Between two and five years	14,000	43,000
	<u>400,713</u>	<u>397 091</u>

## Notes (continued)

### 14 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
Ordinary shares of £1 each	370,000	370 000
Redeemable preference shares of £1 each	370,000	370,000
	<u>740,000</u>	<u>740,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	312,800	312 800
Redeemable preference shares of £1 each	200,846	200,846
	<u>513,646</u>	<u>513 646</u>

The preference dividend shall not be cumulative and in the event that the Company does not in any financial period declare a dividend there shall be no entitlement of the holders of the Redeemable Preference Shares to receive either any preference dividend or any obligation upon the Company to pay any preference dividend

The Company has the right to redeem the shares at par

### 15 Reserves

	Profit and loss account £000	Capital contribution reserve £000	Total £000
At beginning of year	11,708	8,594	20,302
Retained profit for the year	45,846	-	45,846
Dividends on shares classified in shareholders funds	(32 000)	-	(32,000)
<b>At end of year</b>	<u>25,554</u>	<u>8,594</u>	<u>34,148</u>

The capital contribution reserve arose during 2003 as a result of the preference shareholders irrevocably waiving their rights to £8,594,318 of previously proposed fixed cumulative preference dividends

The capital contribution reserve is a distributable reserve

### 16 Contingent Liabilities

The Company has guaranteed lease payments of the employee car ownership scheme amounting to £2,041,392 (2008 £5,031,057)



## Notes (continued)

### 17 Related party disclosures

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

During the year, the Company carried out transactions with related parties in the normal course of business and on an arm's length basis. The names of the related party, nature of transaction and total value is shown below:

	2009 £	2008 £
Transaction with Agecroft Prison Management Limited in which Sodexo S.A. holds a 50% shareholding		
Interest receivable	3,155	3,155
Debtor balance	405	201
	<hr/>	<hr/>

### 18 Ultimate parent company and ultimate controlling party

The Company's ultimate and immediate parent company and controlling party is Sodexo S.A., a Company incorporated in France. This is the smallest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from The Secretary, Sodexo S.A., 255 Quai de la Bataille de Stalingrad, 92866 Issy-Les-Moulineaux, France.