

Sodexo Holdings Limited

Directors' report and financial statements

Registered number 2987170

For the ended 31 August 2016

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Strategic report

The directors present their strategic report, directors' report and audited financial statements for the year ended 31 August 2016.

PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Sodexo SA and operates as part of the group's UK & Ireland business. Its ultimate parent is Sodexo SA, a French company listed on the Paris Euronext. Sodexo operates in 80 countries, employing nearly 420,000 people in the provision of a wide range of food services, soft services and technical services.

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

In order to comply with the requirement of new UK GAAP, the Company has transitioned to FRS 101 in the year.

PERFORMANCE OF THE BUSINESS

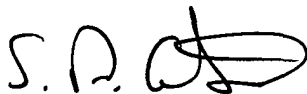
As shown in the company's profit and loss account on page 7, the company's operating loss has decreased by 51.5% to £1,142,000.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end, in net asset terms, has decreased by £1,324,000, this is due to dividends paid to Sodexo SA during the year being larger than the profit made in the year.

FUTURE DEVELOPMENTS

The Company's principal activity continues to be that of a holding company so no future developments are expected.

By order of the board



SA Carter
Director
25 May 2017

One Southampton Row
London
United Kingdom
WC1B 5HA

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 August 2016.

Proposed dividend

The profit for the financial year amounted to £38,654,000 (2015: £24,624,000).

Dividends paid during the year comprise an interim dividend of £39,978,000 (2015: £27,985,000) in respect of the year ended 31 August 2016. This represents 7.78p (2015: 5.45p) 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. Based on these projections the directors are satisfied that, for the foreseeable future, the Company can meet its 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:

L Arnaudo	Appointed 15 April 2016
S A Carter	Resigned 04 July 2016 and re-appointed on 25 May 2017
S M Haley	Appointed 01 September 2016
L C Mawdsley	Resigned 15 April 2016
N D Murray	Appointed 04 July 2016, Resigned 31 August 2016
R Stern	Appointed 01 September 2016
D J White	Resigned 04 July 2016

Employees

No staff were employed by the Company during the year (2015: none).

Insurance of directors

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

Political and charitable contributions

The Company made no political contributions or charitable donations during the year (2015: £nil).

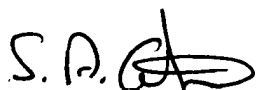
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

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

By order of the board



SA Carter
Director

25 May 2017

One Southampton Row
London
United Kingdom
WC1B 5HA

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), including FRS 101 *Reduced Disclosure Framework*.

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 judgements 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

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Sodexo Holdings Limited

We have audited the financial statements of Sodexo Holdings Limited for the year ended 31 August 2016 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's 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 auditor

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, and express an opinion on, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

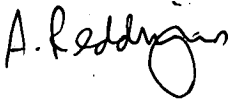
In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Independent auditor's report to the members of Sodexo Holdings Limited *(continued)*

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; or



Andrew Reddington (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 May 2017

Profit and loss account and other comprehensive income
for the year ended 31 August 2016

	<i>Note</i>	2016 £000	2015 £000
Operating expenses	2	(1,142)	(2,355)
Operating loss		(1,142)	(2,355)
Income from shares in group undertakings		43,934	31,264
Other interest receivable and similar income	6	570	382
Interest payable and similar charges	7	(5,923)	(6,418)
Profit on ordinary activities before taxation	3	37,439	22,873
Tax on profit on ordinary activities	8	1,215	1,751
Profit for the financial year and total comprehensive income		38,654	24,624

All results arise from continuing operations for the current and preceding financial year.

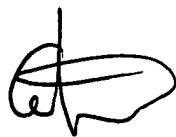
The notes from pages 9-16 form part of the financial statements.

Balance Sheet
at 31 August 2016

	<i>Note</i>	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	9		912,077		912,077
Current assets					
Debtors (including £2,418,000 (2015: £2,367,000) due after more than one year)	11	7,296		7,066	
Cash and cash equivalents		18,292		15,844	
		<u>25,588</u>		<u>22,910</u>	
Creditors: amounts falling due within one year	12	<u>(365,455)</u>		<u>(372,448)</u>	
Net current liabilities			<u>(339,867)</u>		<u>(349,538)</u>
Total assets less current liabilities			<u>572,210</u>		<u>562,539</u>
Creditors: amounts falling due after more than one year	13		<u>(38,169)</u>		<u>(27,174)</u>
Net assets			<u>534,041</u>		<u>535,365</u>
Capital and reserves					
Called up share capital	14		513,646		513,646
Profit and loss account			11,801		13,125
Capital contribution reserve			8,594		8,594
Shareholders' funds			<u>534,041</u>		<u>535,365</u>

The notes from pages 9-16 form part of the financial statements.

These financial statements were approved by the board of directors on 25 May 2017 and were signed on its behalf by:

S. A. 

SA Carter
Director

Company Registered Number: 2987170

Statement of Changes in Equity
for the year ended 31 August 2016

	Capital Contribution Reserve £000	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 September 2014	8,594	513,646	16,486	538,726
Total comprehensive income for the period				
Profit or loss	-	-	24,624	24,624
Total comprehensive income for the period	-	-	24,624	24,624
Dividends	-	-	(27,985)	(27,985)
Total contributions by and distributions to owners	-	-	(27,985)	(27,985)
Balance at 31 August 2015	8,594	513,646	13,125	535,365

	Capital Contribution Reserve £000	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 September 2015	8,594	513,646	13,125	535,365
Total comprehensive income for the period				
Profit or loss	-	-	38,654	38,654
Total comprehensive income for the period	-	-	38,654	38,654
Dividends	-	-	(39,978)	(39,978)
Total contributions by and distributions to owners	-	-	(39,978)	(39,978)
Balance at 31 August 2016	8,594	513,646	11,801	534,041

The capital contribution reserve arose during 2002 as a result of the preference shareholders irrevocably waiving their rights to £8,594,000 of previously proposed fixed cumulative preference dividends.

The capital contribution reserve is a distributable reserve.

The notes from pages 9-16 form part of the financial statements.

Notes forming part of the financial statements

1 Accounting policies

Sodexo Holdings Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company has adopted FRS 101 on their financial statement for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. There has been no impact on the reported financial position, financial performance and cash flows of the Company.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital

As the consolidated financial statements of Sodexo S.A include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 September 2014 for the purposes of the transition to FRS 101.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

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

In the transition to FRS101 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The financial statements have been prepared on the going concern basis.

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 IAS 24 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 17.

Notes (continued)

1 Accounting policies (continued)

Going concern

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

Basic Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Other debtors / creditors

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

Notes (continued)

2 Operating expenses

	2016 £000	2015 £000
Other charges	1,142	2,355

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

3 Expenses and auditor's remuneration

Profit on ordinary activities before taxation is stated after charging:

	2016 £000	2015 £000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	30	30

4 Directors' emoluments

No directors received emoluments for their services to the Company (2015: £nil) as the amount of service provided by the director to the Company is not material.

5 Staff number and costs

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

6 Other interest receivable and similar income

	2016 £000	2015 £000
Receivable from group undertakings	570	382

Notes (continued)

7 Interest payable and similar charges

	2016 £000	2015 £000
Payable to group undertakings	5,923	6,418

8 Taxation

Analysis of credit in period

	2016 £000	2015 £000
<i>UK Corporation Tax charge / (credit):</i>		
UK corporation tax	(1,326)	(1,751)
Adjustments in respect of previous periods	111	-
Total current tax credit	(1,215)	(1,751)
Tax on profit on ordinary activities	(1,215)	(1,751)

Factors affecting the tax credit for the current period

On 1 April 2015, the standard rate of corporation tax changed to 20%. For the purpose of the company accounts to 31 August 2016, the 20% rate of corporation tax has been applied.

The total tax credit is lower (2015: credit is lower) than the standard rate of corporation tax of 20% (2015: blended rate of 20.581%). The differences are explained below.

	2016 £000	2015 £000
Profit on ordinary activities before tax	37,439	22,873
Total tax at standard (2015: blended) rate of 20% (2015: 20.581%)	7,488	4,707
<i>Effects of:</i>		
UK dividends received	(8,787)	(6,434)
Other permanent adjustments	(26)	(24)
Adjustments in respect of prior year	110	-
Total tax credit for period	(1,215)	(1,751)

Notes (continued)

9 Fixed asset investments

<i>Cost</i>	Shares in subsidiary undertakings £000
At beginning of year	912,077
At end of the year	912,077

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

	Country of Incorporation	Class of Shares	Ownership 2016/2015
Direct Subsidiary undertakings			
Sodexo Limited	England and Wales	Ordinary	100%
Sodexo Services Group Limited	England and Wales	Ordinary	100%
Tillery Valley Foods Limited	England and Wales	Ordinary	100%
Sodexo Management Services Limited	England and Wales	Ordinary	100%
Sodexo Remote Sites Support Services Limited	Scotland	Ordinary	100%
		Cumulative	6%
		Preference	100%
Sodexo Corporate Services (No 1) Limited	England and Wales	Ordinary	100%
Sodexo Corporate Services (No 2) Limited	England and Wales	Ordinary	100%
The Brand Group Limited	England and Wales	Ordinary	100%
		Preference	100%
Sodexo Stop Hunger Foundation	England and Wales	-	-
Sodexo Services Asia Pte. Limited	Singapore	Ordinary	70%

Notes (continued)

10 Dividends

The aggregate amount of dividends comprises

	2016 £000	2015 £000
Interim dividends paid in respect of the current year (7.78p per share, 2015: 5.45p)	39,978	27,985

11 Debtors

	2016 £000	2015 £000
Amounts falling due within one year		
Amounts owed by group undertakings	4,857	4,645
Prepayments and accrued income	21	54
Total debtors due within one year	4,878	4,699
Amounts falling due after more than one year		
Investment in Agecroft Prison Management sub-debt (see note 16)	2,418	2,367
Total Debtors	7,296	7,066

Amounts owed by group undertakings are repayable on demand. No interest is charged on these amounts.

Interest on amounts due from Agecroft Prison Management is receivable twice annually in arrears at an interest rate of 13.367% (2015: 13.367%) 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% (2015: 15.367%) p.a. Amounts are recoverable on 6 July 2023.

12 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to fellow subsidiary undertakings	365,455	372,448

Included in amounts owed to fellow subsidiary undertakings is an amount of £11,516,000 (2015: £10,871,000) repayable on demand at a rate of 5.16% and an amount of £353,750,000 (2015: £347,057,000) repayable on demand at a rate of base rate +0.5%.

Notes (continued)

13 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to fellow subsidiary undertakings	<u>38,169</u>	<u>27,174</u>

Amounts owed to fellow subsidiary undertakings are repayable over the period to August 2019 at an interest rate of base rate plus 50 base points.

14 Share Capital and Reserve

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
312,799,971 (2015: 312,799,971) ordinary shares of £1 each	312,800	312,800
200,846,500 (2015: 200,846,500) redeemable preference shares of £1 each	200,846	200,846
	<u>513,646</u>	<u>513,646</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company has the right to redeem the shares at par.

Notes (continued)

15 Contingent Liabilities

The company has also given counter-indemnities relating to guarantees amounting to £10,675,000 (2015: £10,675,000).

16 Related party disclosures

The group has taken exemption under IAS 24 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:

	2016 £000	2015 £000
<i>Transaction with Agecroft Prison Management Limited in which Sodexo S.A. holds a 50% shareholding:</i>		
Interest receivable	372	342
Principal repayment	563	563
Debtor balance	2,418	2,367
<i>Transaction with All Black Tours in which Sodexo Limited holds a 60% shareholding:</i>		
Interest receivable	160	-
Debtor balance	780	822

17 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.

18 Accounting estimates and judgements

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there are any accounting policies that would be likely to produce materially different results should there be a change to the underlying judgements, estimates and assumptions.

19 Post Balance Sheet Events

During November 2016 the Company disposed of its investment in Sodexo Services Asia Pte. Limited to Sodexo SA for consideration of £12.295m.

During March 2017 the Company acquired Prestige Nursing Limited for consideration of £15.089m.