

Sodexo Management Services Limited

(formerly Sodexho Management Services Limited)

**Directors' report and financial
statements**

Registered number 3116705

31 August 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2008.

Principal activities & business review

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

On 25 January 2008, the Company changed its name to Sodexo Management Services Limited.

Proposed dividend

The loss for the financial year amounted to £625,000 (2007: Profit £243,000).

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

R S Herbert-Jones	Resigned 13 December 2007
P E R Jansen	Resigned 1 September 2008
A J Connolly	
Sodexo Corporate Services (No.1) Limited	Appointed 1 September 2008

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



J C Hunter
Authorised Signatory
Sodexo Corporate Services (No.2) Limited
Secretary

Solar House
Kings Way
Stevenage
Hertfordshire
SG1 2UA

16 December 2008

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).

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 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 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 its financial statements comply with the Companies Act 1985. 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

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Sodexo Management Services Limited (formerly Sodexho Management Services Limited)

We have audited the financial statements of Sodexo Management Services Limited (formerly Sodexho Management Services Limited) for the year ended 31 August 2008 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of Movement in Shareholders Funds and the related notes. 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 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 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.

Independent auditors' report to the members of Sodexo Management Services Limited (formerly Sodexho Management Services Limited) (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2008 and of its loss 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.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

22 December 2008

Profit and loss account
for the year ended 31 August 2008

	<i>Note</i>	2008 £000	2007 £000
Operating costs	4	(871)	-
Operating loss		(871)	-
Other interest receivable	5	347	347
(Loss)/profit on ordinary activities before taxation	6	(524)	347
Tax on (loss)/profit on ordinary activities	7	(101)	(104)
Retained (loss)/profit for the year		(625)	243

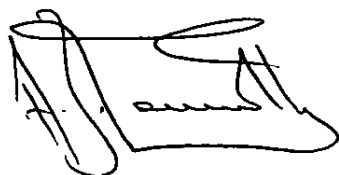
The Company has no recognised gains or losses, other than the (loss)/profit above and therefore no separate statement of total recognised gains or losses has been prepared.

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

Balance sheet
at 31 August 2008

	<i>Note</i>	2008 £000	2007 £000
Current assets			
Debtors	9	8,788	8,441
Creditors: amounts falling due within one year	10	(1,784)	(812)
Net assets		<u>7,004</u>	<u>7,629</u>
Capital and reserves			
Called up share capital	11	23,572	23,572
Capital Contribution	12	24,872	24,872
Profit and loss account	12	(41,440)	(40,815)
Shareholders' funds - Equity		<u>7,004</u>	<u>7,629</u>

These financial statements were approved by the board of directors on 16 December 2008 and were signed on its behalf by:



A J Connolly
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 August 2008

	2008 £000	2007 £000
(Loss)/profit for the financial year	(625)	243
Net (reduction)/addition to shareholders' funds	(625)	243
Opening shareholders' funds	7,629	7,386
Closing shareholders' funds	7,004	7,629

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, 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.

The Company is exempt by virtue of s228 of the Companies Act 1985 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. (formerly Sodexho Alliance S.A.), 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 14.

Interest income

Interest income comprises interest receivable on intercompany debtor balances. It is recognised in the profit and loss account as it accrues.

Fixed asset investments

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

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Directors' emoluments

No directors received emoluments for their services to the Company (2007: £nil).

3 Employee information

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

Notes (continued)

4 Operating loss

The operating loss for the year reflects the release of an intercompany balance.

5 Interest receivable

	2008 £000	2007 £000
Interest from group undertakings	347	347

6 (Loss)/Profit on ordinary activities before taxation

The audit fee is borne by a fellow subsidiary undertaking.

7 Taxation

Analysis of charge in period

	2008 £000	2007 £000
Current tax: UK corporation tax	101	104

Factors affecting the tax charge for the current period

On 1 April 2008, the standard rate of corporation tax changed to 28%. For the purpose of the Company accounts to 31 August 2008, a blended rate of corporation tax has been applied.

The current tax charge (2007: charge) for the period is higher than (2007: equal to) the blended rate of corporation tax of 29.2% (2007: standard rate of 30 %). The differences are explained below.

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(524)	347
Current tax at blended rate of 29.2% (2007: standard rate of 30%)	(153)	104
<i>Effects of:</i>		
Expenses not deductible for tax purposes	254	-
Total current tax charge (see above)	101	104

Notes (continued)

8 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost	
At beginning and end of year	28,000
Provisions	
At beginning and end of year	28,000
Net book value	
At beginning and end of year	-

At 31 August 2008 the following are the Company's principal direct and indirectly owned subsidiaries:

	Country of incorporation	Principal activity	Percentage of shares held Direct	Indirect
Sodexo Services Company Limited	England & Wales	Holding company	100%	-
Acton-Berkeley Travel Limited	England & Wales	Travel agency	-	100%
Sodexo Catering Services Limited	England & Wales	Contract cleaning	-	100%
Sodexo Care Services Limited	England & Wales	Contract cleaning	-	100%
Sodexo Overseas Services Limited	Scotland	Contract cleaning	-	100%
Sodexo Services Scotland Limited	England & Wales	Contract cleaning	-	100%
Sodexo Vending Limited	England & Wales	Vending services	-	100%
Cliff Evans Limited	England & Wales	Dormant	-	100%
Safeguard Limited	England & Wales	Dormant	-	100%
Taylorplan Services Limited	England & Wales	Dormant	-	100%

The value of the Company's shareholdings in these undertakings at 31 August 2008 after provisions was £nil (2007: £ nil).

9 Debtors

	2008 £000	2007 £000
Amounts falling due within one year		
Amounts owed by parent and fellow subsidiary undertakings	8,788	8,441

Amounts owed by parent undertaking are repayable on 28 February 2010 at an interest rate of 5.16%

Notes (continued)

10 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to parent and fellow subsidiary undertakings	484	383
Amounts owed to subsidiary undertakings	1,300	429
	<u>1,784</u>	<u>812</u>

11 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i> Equity: 50,000,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<i>Allotted, called up and fully paid</i> Equity: 23,572,100 Ordinary shares of £1 each	<u>23,572</u>	<u>23,572</u>

12 Reserves

	Capital Contribution £000	Profit and loss account £000
At beginning of year	24,872	(40,815)
Retained loss for the year	-	(625)
At end of year	<u>24,872</u>	<u>(41,440)</u>

13 Related party disclosures

The group has taken exemption under FRS8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent undertaking.

14 Ultimate parent company and ultimate controlling party

The Company's ultimate parent company and controlling party is Sodexo S.A. (formerly Sodexho Alliance 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.

The Company's immediate parent undertaking and controlling party is Sodexo Holdings Limited (formerly Sodexho Holdings Limited), a company incorporated in England and Wales.