

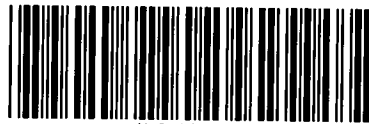
Sodexo Management Services Limited

**Directors' report and financial
statements**

Registered number 3116705

For the year ended 31 August 2016

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Directors' report

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

Principal activities & business review

The principal activity of the Company is 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.

Proposed dividend

The profit for the financial year amounted to £278,000 (2015: £275,000).

The directors do not recommend the payment of a dividend (2015: £nil).

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:

S A Carter
Sodexo Corporate Services (No.1) Limited

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 charitable donations or political contributions during the year (2015: £nil).

Employees

No staff were employed by the Company during the year (2015: nil).

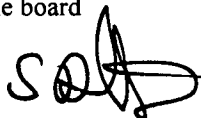
Disclosure of information to auditor

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 Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore KPMG LLP will continue in office.

By order of the board



S A Carter
Director

One Southampton Row
London
England
WC1B 5HA

23 May 2017

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 will continue in business.

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 Management Services Limited

We have audited the financial statements of Sodexo Management Services Limited for the year ended 31 August 2016 set out on pages 5 to 13. 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 2, 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.

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

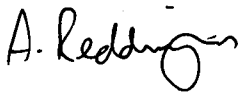
Opinion on other matter prescribed by the Companies Act 2006

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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
Interest receivable	5	347	347
Profit on ordinary activities before taxation	3	347	347
Tax on profit on ordinary activities	6	(69)	(72)
Profit for the financial year and total comprehensive income		278	275

The results for the current and preceding financial year reflect continuing operations.

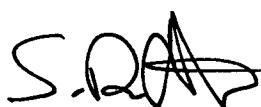
The notes from pages 8-13 form part of the financial statements.

Balance Sheet
at 31 August 2016

	<i>Note</i>	2016 £000	2015 £000
Current assets			
Debtors	8	11,565	11,218
Creditors: amounts falling due within one year	9	(2,460)	(2,391)
Net assets		<u>9,105</u>	<u>8,827</u>
Capital and reserves			
Called up share capital	10	23,572	23,572
Capital contribution		24,872	24,872
Profit and loss account		(39,339)	(39,617)
Shareholders' funds		<u>9,105</u>	<u>8,827</u>

The notes from pages 8-13 form part of the financial statements.

These financial statements were approved by the board of directors on 23 May 2017 and were signed on its behalf by:



S A Carter
Director

Company Registered Number: 3116705

Statement of Changes in Equity

for the year ended 31 August 2016

	Capital contribution	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 September 2014	24,872	23,572	(39,892)	8,552
Total comprehensive income for the period				
Profit or loss	-	-	275	275
Total comprehensive income for the period	-	-	275	275
Balance at 31 August 2015	24,872	23,572	(39,617)	8,827

	Capital contribution	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 September 2015	24,872	23,572	(39,617)	8,827
Total comprehensive income for the period				
Profit or loss	-	-	278	278
Total comprehensive income for the period	-	-	278	278
Balance at 31 August 2016	24,872	23,572	(39,339)	9,105

The notes from pages 8-13 form part of the financial statements.

Notes forming part of the financial statements

1 Accounting policies

Sodexo Management Services 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.

As the Company is a wholly owned subsidiary of Sodexo S.A., 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 12.

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.

Notes (continued)

1 Accounting policies (continued)

Interest income

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

Basic financial instrument

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.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and 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 and deferred 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.

Notes (continued)

2 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.

3 Expenses and auditor's remuneration

Audit fees of £2,000 (2015: £2,000) have been borne by Sodexo Limited.

4 Staff numbers and costs

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

5 Interest receivable

	2016 £000	2015 £000
Interest from loans to group undertakings	347	347

6 Taxation

Analysis of charge in period

	2016 £000	2015 £000
UK Corporation Tax charge:		
UK corporation tax	69	72

Factors affecting the tax charge for the current period

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The total tax charge is equal (2015: charge is equal) to the standard rate of corporation tax of 20% (2015: blended rate of 20.581%).

	2016 £000	2015 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	347	347
Total tax at the standard (2015: blended) rate of 20% (2015: 20.581%) would be:	69	72

Notes (continued)

7 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 2016 the following are the Company's principal direct and indirectly owned subsidiaries:

	Country of incorporation	Class of Shares	Percentage of shares held in 2016/2015	
			Direct	Indirect
Sodexo Services Company Limited	England & Wales	Ordinary	100%	-
Acton-Berkeley Travel Limited	England & Wales	Ordinary	-	100%
Sodexo Catering Services Limited	England & Wales	Ordinary	-	100%
Sodexo Care Services Limited	England & Wales	Ordinary	-	100%
Sodexo Overseas Services Limited	Scotland	Ordinary	-	100%
Sodexo Services Scotland Limited	England & Wales	Ordinary	-	100%
Sodexo Vending Limited	England & Wales	Ordinary	-	100%
Cliff Evans Limited	England & Wales	Ordinary	-	100%
Safeguard Limited	England & Wales	Ordinary	-	100%
Taylorplan Services Limited	England & Wales	Ordinary	-	100%

The value of the Company's shareholdings in these undertakings at 31 August 2016 after provisions was £nil (2015: £nil).

8 Debtors

	2016 £000	2015 £000
Amounts falling due within one year		
Amounts owed by parent and fellow subsidiary undertakings	11,565	11,218

Amounts above are owed by Sodexo Holdings Limited. Intercompany interest is calculated on the principal loan amount of £6,725,000 (2015: £6,725,000) at a fixed rate of 5.16% (2015: 5.16%). This amount is repayable on demand.

Notes (continued)

9 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to parent and fellow subsidiary undertakings	1,160	1,091
Other creditors	1,300	1,300
	<u>2,460</u>	<u>2,391</u>

Amounts owed to parent and fellow subsidiary undertakings relate to Sodexo Limited and are payable on demand.
 No interest is due on these balances.

10 Share Capital and Reserve

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Equity: 23,572,100 (2015: 23,572,100) ordinary shares of £1 each	<u>23,572</u>	<u>23,572</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.

11 Related party disclosures

The group is exempt from the requirement of FRS101 Section 33 *Related Party Disclosures* to disclose related party transactions with its wholly owned associated undertakings on the ground that all entities within the group are wholly owned subsidiaries.

12 Ultimate parent company and ultimate controlling party

The Company's ultimate 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.

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

Notes *(continued)*

13 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.