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Sodexho Management Services Limited

**Directors' report and financial
statements**

Registered number 3116705

31 August 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2004.

Principal activities

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

Proposed dividend

The profit for the financial year amounted to £192,000 (2003: £202,000).

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

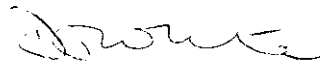
M R Adams	Resigned 31 January 2004
M Shipman	Resigned 01 March 2004
R S Herbert-Jones	
D J White	Appointed 31 January 2004

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. In accordance with Statutory Instrument 802, 1985, no disclosure of interests in the share capital of the ultimate holding company, Sodexo Alliance SA is required, because that company is not incorporated in Great Britain.

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



D J White
Director
28 February 2005

Solar House
Stevenage Leisure Park
Kings Way
Stevenage
Hertfordshire
SG1 2UA

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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

Report of the independent auditors to the members of Sodexo Management Services Limited

We have audited the financial statements on pages 4 to 10.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 Companies Act 1985. 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 with the company is not disclosed.

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 as at 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

4 April 2005

Profit and loss account
for the year ended 31 August 2004

	<i>Note</i>	2004 £000	2003 £000
Other interest receivable and similar income	2	274	288
Profit on ordinary activities before taxation	3	274	288
Tax on profit on ordinary activities	4	(82)	(86)
Retained profit for the year		192	202

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above, and their historical cost equivalents.

The company has not recognised gains and losses other than the profit stated above.

The notes on pages 7 to 10 form part of these financial statements.

Balance sheet
at 31 August 2004

	<i>Note</i>	2004 £000	2003 £000
Current assets			
Debtors	6	7,437	7,167
Creditors: amounts falling due within one year	7	(511)	(433)
Net assets		<u>6,926</u>	<u>6,734</u>
Capital and reserves			
Called up share capital	8	23,572	23,572
Capital Contribution	9	24,872	24,872
Profit and loss account	9	(41,518)	(41,710)
Total equity shareholders' funds		<u>6,926</u>	<u>6,734</u>

The notes on pages 7 to 10 form part of these financial statements.

These financial statements were approved by the board of directors on 28 February 2005 and were signed on its behalf by:



D J White
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 August 2004

	2004 £000	2003 £000
Profit for the financial year	192	202
Dividends	-	-
	<hr/>	<hr/>
Net addition to shareholders' funds	192	202
Opening shareholders' funds	6,734	6,532
	<hr/>	<hr/>
Closing shareholders' funds	6,926	6,734
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The notes on pages 7 to 10 form part of these financial statements.

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 company's 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 Sodexho Holdings Limited, 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 Sodexho Alliance SA, within which this company is included, can be obtained from the address given in note 10.

Turnover

Turnover is recognised based on the amount receivable in respect of goods and services provided, net of discounts and allowances payable to customers under contractual arrangements, and excluding VAT.

Fixed asset investments

Shares in subsidiary undertakings are stated at cost less provisions for any 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 Interest receivable

	2004 £000	2003 £000
Interest from group undertakings	274	288

3 Profit on ordinary activities before taxation

The audit fee is borne by a fellow subsidiary undertaking

Notes (continued)

4 Taxation

Analysis of charge in period

	2004 £000	2003 £000
Current tax:		
UK corporation tax	82	86

Factors affecting the tax charge for the current period

The current tax charge for the period is equal to (2003: equal) the standard rate of corporation tax in the UK (30%, 2003: 30 %). The differences are explained below.

	2004 £000	2003 £000
Profit on ordinary activities before tax	274	288
Profit on ordinary activities multiplied by standard rate of corporate tax	82	86
Effects of:		
Permanent difference	-	-
Current tax charge for period	82	86

Notes (continued)

5 Fixed asset investments

<i>Shares in subsidiary undertakings</i>	£
	£000
<i>Cost</i>	
At beginning and end of year	28,000
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<i>Provisions</i>	
At beginning and end of year	28,000
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<i>Net book value</i>	
At beginning and end of year	nil
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At 31 August 2004 the following are the company's principal direct and indirectly owned subsidiaries:

	Country of incorporation	Principal activity	Percentage of shares held	
			Direct	Indirect
<i>Subsidiary undertakings</i>				
Sodexo Services Company Limited	England & Wales	Holding company	100%	-
Sodexo Vending Limited	England & Wales	Vending services	-	100%
Sodexo Land Technology Limited	England & Wales	Landscape gardening	-	100%
Sodexo Overseas Services Limited	England & Wales	Contract cleaning	-	100%
Sodexo Care Services Limited	England & Wales	Contract cleaning	-	100%
Sodexo Catering Services Limited	England & Wales	Contract cleaning	-	100%
Sodexo Services Scotland Limited	Scotland	Contract cleaning	-	100%
Acton-Berkeley Travel Limited	England & Wales	Travel agency	-	100%
Cliff Evans Limited	England & Wales	Dormant	-	100%
Safegard Limited	England & Wales	Dormant	-	100%
Taylorplan Services Limited	England & Wales	Dormant	-	100%
Sodexo Defence Services Limited	England & Wales	Catering & support services	-	100%
Primary Management (Aldershot) Limited	England & Wales	Facilities Management	-	60%

The value of the company's shareholdings in these undertakings at 31 August 2004 after provisions was £ nil (2003: £ nil).

6 Debtors

	2004 £000	2003 £000
<i>Amounts falling due within one year</i>		
Amounts owed by parent and fellow subsidiary undertakings	7,437	7,167
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Notes (continued)

7 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to subsidiary undertakings	511	433

8 Called up share capital

	2004 £000	2003 £000
<i>Authorised</i> Equity: 50,000,000 Ordinary shares of £1 each	50,000	50,000
<i>Allotted, called up and fully paid</i> Equity: 23,572,100 Ordinary shares of £1 each	23,572	23,572

9 Reserves

	Capital Contribution £000	Profit and loss account £000
At beginning of year	24,872	(41,710)
Retained profit for the year	-	192
At end of year	24,872	(41,518)

10 Ultimate parent company and ultimate controlling party

The company's ultimate parent company and controlling party is Sodexo Alliance SA, 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 Alliance SA, 3 Avenue Newton, 78180 Montigny-le-Bretonneux, France.

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