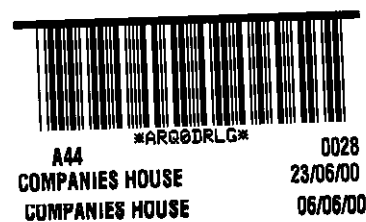


Gardner Merchant Management Services (UK) Limited

Annual Report for the year ended 31 August 1999

Registered no: 3116705



Directors' report

For the year ended 31 August 1999

The directors present their report and the financial statements for the year ended 31 August 1999.

Principal activities and business review

The principal activity of the company is to act as a holding company.

The company also trades one catering contract.

Directors and their interests

The directors set out below have held office during the whole of the period from 1 September 1998 to the date of this report unless otherwise stated.

B. Carton

D.S. Ford

R. S. Herbert-Jones

None of the directors holding office on 31 August 1998 and 31 August 1999 had any interest in the company's shares according to the register of directors' interests, and no disclosure is required of any interest in the shares of the ultimate parent company, by virtue of that company not being incorporated in Great Britain.

Prior period adjustment

The figures for 1998 have been restated due to a misclassification of a contract within a fellow subsidiary company. The contract represented turnover of £868,000 and profit for the year of £37,000.

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 of the company and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 and EURO

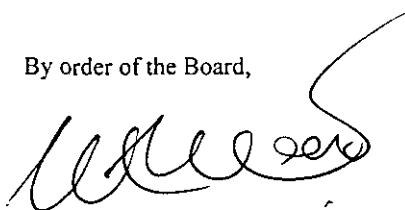
A year 2000 and EURO strategy has been established for the Sodexo Group of which Gardner Merchant Management Services (UK) Limited is a member. Details are contained within the directors' report within the 1999 financial statements of Gardner Merchant Limited, the principal UK trading company of the Group

Auditors

The directors will place a resolution before the annual general meeting to reappoint PricewaterhouseCoopers as auditors for the ensuing year.

Kenley House
Kenley Lane
Kenley
Surrey
CR85ED

By order of the Board,



N. A. Mead

Secretary

15 November 1999

Auditors' report

Report of the Auditors to the Members of Gardner Merchant Management Services (UK) Limited

We have audited the financial statements on pages 4 to 9 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of management and auditors

The directors are responsible for preparing the Annual Report, including as described on page 5, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

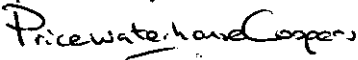
We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of 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 management 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 company's state of affairs at 31 August 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Abacus Court
6 Minshull Street
Manchester
M1 3ED

15 November 1999

Auditors' report

| | Notes | 1999 £'000 | Restated 1998 £'000 |
|--|-------|---------------|---------------------------|
| Turnover | | 1,393 | 868 |
| Cost of sales | | (1,378) | (831) |
| Gross Profit | | <u>15</u> | <u>37</u> |
| Profit on ordinary activities before taxation | | 15 | 37 |
| Taxation | 3 | - | - |
| Profit on ordinary activities after tax | | <u>15</u> | <u>37</u> |

The year ending 31 August 1998 figures have been restated as described in Note 9.

All the activities in the year and the comparative period were continuing

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet

31 August 1999

| | Notes | 31 August 1999 £'000 | Restated 31 August 1998 £'000 |
|--|-------|----------------------------|--|
| Fixed assets | | | |
| Investments | 4 | - | - |
| Current assets | | | |
| Debtors | 5 | 162 | 93 |
| Cash in hand | | 1 | - |
| | | 163 | 93 |
| Creditors : amounts falling due within one year | 6 | (111) | (56) |
| Net current assets | | 52 | 37 |
| Net assets | | 52 | 37 |
| Capital and reserves | | | |
| Called-up share capital | 7 | 23,572 | 23,572 |
| Capital Contribution | 8 | 24,872 | 24,872 |
| Profit and loss account | 8 | (48,392) | (48,407) |
| Equity Shareholders' funds | 8 | 52 | 37 |

Signed on behalf of the Board



D. S. Ford
Director

15 November 1999

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements (continued)

1 Accounting policies

A summary of the principal accounting policies all of which have been applied consistently throughout the year and the preceding period is given below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Cash flow statement

Under the provision of Financial Reporting Standards No 1, the Company has not presented a cash flow statement as its intermediate parent company Gardner Merchant Management Services Limited (formerly Marriott Management Services Limited), prepares consolidated accounts which include the company and contain a cash flow statement.

c) Related party transactions

The company has taken advantage of the provisions of FRS8 "Related Party Disclosures" not to disclose transactions with other group companies that are eliminated on consolidation.

d) Revaluation of fixed asset investments

The value attributed to the company's investment in subsidiary undertakings is adjusted each year by the increase or decrease in the net assets of those subsidiaries. The gain or loss occurring is credited or debited respectively to the revaluation reserves to the extent that such reserves exist. Losses in excess of the revaluation reserve are written off to the profit and loss account.

e) Turnover

Turnover represents the amount receivable for goods sold and services provided, excluding value added tax.

2 Staff costs

Employee costs during the period were £584,000 (1998 - £349,000). The company had 30 employees during the year (1998 - 30).

The directors received no remuneration during the year (1998 - £nil).

3 Taxation

The tax charge for 1999 is £nil. (1998 - £nil)

4. Investments

| | 31 August 1999 | 31 August 1998 |
|--|-------------------|-------------------|
| Shares in group undertakings – valuation | £'000 | £'000 |
| At 31 August 1998 and 31 August 1999 | <u>-</u> | <u>-</u> |

Notes to the financial statements (continued)

At 31 August 1999 the company had the following direct and indirectly owned trading subsidiaries:

| Name of Undertaking | Country of Incorporation | Major Activity | Holding Company | % Holding Direct | % Holding Indirect |
|--|--------------------------|---|---|------------------|--------------------|
| Gardner Merchant Services Company | England and Wales | Provision of food and management services | | 100% | |
| The Brand Group Limited | England and Wales | Holding Company | | 100% | |
| Gardner Merchant Commercial Services Limited | England and Wales | Contract Cleaning | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant Vending Services Limited | England and Wales | Vending Services | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant (Land Technology) Limited | England and Wales | Landscape gardening | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant Overseas Services Limited | England and Wales | Contract catering | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant Healthcare Services Limited | England and Wales | Contract cleaning | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant Catering Limited | England and Wales | Contract catering | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant Services (Scotland) Limited | Scotland | Contract cleaning | Gardner Merchant Services Company Limited | | 100% |
| Acton- Berkeley Travel Limited | England and Wales | Travel Agency | Gardner Merchant Services Company Limited | | 100% |
| Gardner Merchant Food Services Limited | England and Wales | Provision of food and management services | The Brand Group Limited | | 100% |

Notes to the financial statements (continued)

5 Debtors

| | 31 August 1999 £'000 | 31 August 1998 £'000 |
|---------------|----------------------------|----------------------------|
| Trade debtors | <u>162</u> | <u>93</u> |

6 Creditors: amounts falling due within one year

| | 31 August 1999 £'000 | 31 August 1998 £'000 |
|--|----------------------------|----------------------------|
| Accruals | 8 | - |
| Amounts owed to fellow subsidiary undertakings | 103 | 56 |
| | <u>111</u> | <u>56</u> |

7 Share Capital

| | 31 August 1999 £'000 | 31 August 1998 £'000 |
|--|----------------------------|----------------------------|
| <i>Authorised,</i> | | |
| 50,000,000 ordinary shares of £1 each | 50,000 | 50,000 |
| <i>Allotted, issued and fully paid</i> | | |
| 23,572,100 ordinary shares of £1 each | <u>23,572</u> | <u>23,572</u> |

Notes to the financial statements (continued)

8 Reconciliation of movements in shareholders

| | Share capital £'000 | Capital Contribution £'000 | Profit and Loss account £'000 | Total Shareholders' Funds £'000 |
|---------------------------|---------------------------|----------------------------------|-------------------------------------|--|
| Balance at 31 August 1998 | 23,572 | 24,872 | (48,407) | 37 |
| Profit for the year | - | - | 15 | 15 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 August 1999 | <u>23,572</u> | <u>24,872</u> | <u>(48,392)</u> | <u>52</u> |

9. Prior period adjustment

The figures for 1998 have been restated due to a misclassification of a contract within a fellow subsidiary company. The contract represented turnover of £868,000 and profit for the year of £37,000.

10 Ultimate holding company

The company's immediate parent is now Gardner Merchant Services Limited, a company registered in England and Wales. The largest group in which the results of the company are consolidated is that headed by the company's ultimate parent, Sodexho Alliance SA, a company incorporated in France. The consolidated accounts of Sodexho Alliance SA are available to the public and may be obtained from the Secretary, Sodexho Alliance SA, 3 Avenue Newton, 78180 Montigny-le-Bretonneux.