

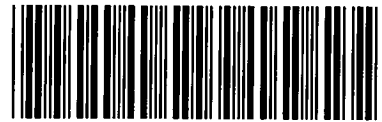
Company Registration No. 3165891

Compass Group Finance No.2 Limited

Annual Report and Financial Statements

For the year ended 30 September 2016

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Compass Group Finance No.2 Limited

Annual report and financial statements 2016

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Compass Group Finance No.2 Limited

Annual report and financial statements 2016

Officers and professional advisers

Directors

K Dunham
M J White

Secretary

Compass Secretaries Limited

Registered Office

Compass House
Guildford Street
Chertsey
Surrey
KT16 9BQ

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Compass Group Finance No.2 Limited

Directors' Report

The directors present their Annual Report and the audited financial statements for the year ended 30 September 2016. This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under section 414 (b) of the Companies Act 2006 (CA 2006).

Adoption of Financial Reporting Standard (FRS) 101

The Financial Reporting Council has issued FRS 100 *Application of Financial Reporting Requirements*, FRS 101 *Reduced Disclosure Framework* (FRS 101) and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. These standards are applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups which continue to report under EU-adopted International Financial Reporting Standards (IFRS), for accounting periods which commenced on or after 1 January 2015.

FRS 100 sets out the overall financial reporting framework for the companies in the UK and Ireland. FRS 101 applies to the individual financial statements of subsidiaries and ultimate parents, allowing them to apply the same accounting policies as in their listed group accounts, but with fewer disclosures. FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the Financial Reporting Standard for Smaller Entities (FRSSE).

Having determined that it was in the best interests of Compass Group Finance No.2 Limited (the Company) to adopt FRS 101, the directors sought and received the necessary approval from shareholders for the adoption of FRS 101 for the period under review.

Business review and principal activities

The Company is a wholly-owned subsidiary of Compass Group PLC (the Group) and its principal activity is providing finance to other members of the Group. The results for the Company show a retained loss for the year of £806,000 (2015: loss £827,000) and net assets of £393,566,000 (2015: £394,372,000).

The Company's directors believe that analysis using key performance indicators is not necessary for an understanding of the position of the Company. The performance of Compass Group PLC is discussed in its Annual Report which does not form part of this report. A copy of the Compass Group PLC Annual Report 2016 can be found on the Compass Group PLC website at www.compass-group.com or from the Company Secretarial Department at Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ.

The directors expect the same general level of activity to continue and are not aware of any post balance sheet events.

Principal risks and uncertainties

The Company is financed by intra-group loans and has no third party debt and hence no external interest rate exposure. Group risks are discussed in the Group's Annual Report which does not form part of this report.

Due to the current economic conditions there are inherent future uncertainties that may impact the business. After making enquiries the directors have a reasonable expectation that the Company, as part of the Compass Group, has adequate resources to continue in existence for the 12 months from the date of this report. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Dividends

The directors do not recommend the payment of a dividend for the year ended 30 September 2016 on the Ordinary shares (2015: £nil).

Directors

The directors who served throughout the financial year ended 30 September 2016 and up to the date of this report were as follows:

K Dunham
M J White

Directors' qualifying third party indemnity

A qualifying third party indemnity provision as defined in section 234 (2) - (6) of the CA 2006 is and was in full force and effect for the benefit of each of the directors of the Company, both at the date of this report and throughout the financial year to which this report relates.

Compass Group Finance No.2 Limited

Directors' Report continued

Directors' disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the CA 2006.

Auditor

In accordance with the provisions of section 485(2) of the CA 2006, the current appointment of KPMG LLP as the Company's auditor will end at the conclusion of the current period for appointing auditors.

KPMG LLP, has advised of its willingness to act as auditor of the Company. The directors will therefore seek shareholder approval to (i) reappoint KPMG LLP to hold office until the end of the next period for appointing auditors under section 485(2) of the CA 2006 and (ii) to grant the directors authority to agree how much the auditor should be paid.

Approved by the Board of Directors and signed on behalf of the Board



K Dunham
Director

27 April 2017

Compass Group Finance No.2 Limited
Registered in England and Wales No. 3165891

Compass Group Finance No.2 Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Director's 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101.

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
- 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 CA 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.

The directors have permitted the auditor to take whatever steps and undertake whatever inspections it considers to be appropriate for the purpose of enabling it to give its audit opinion.

On behalf of the Board



K Dunham
Director

27 April 2017

Independent Auditor's Report to the Members of Compass Group Finance No.2 Limited

We have audited the financial statements of Compass Group Finance No.2 Limited for the year ended 30 September 2016 set out on pages 7 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 4, 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 for 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 30 September 2016 and of its loss 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 matters 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, the report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Compass Group Finance No.2 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
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



.....
Anthony Sykes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

27 April 2017

Compass Group Finance No.2 Limited

Profit and loss account

For the year ended 30 September 2016

	Notes	2016 £'000	2015 £'000
Profit before tax		-	-
Tax charge	4	(806)	(827)
Loss after tax		<u>(806)</u>	<u>(827)</u>

All amounts in the current year relate to continuing activities.

There are no recognised gains or losses for the current year other than those dealt with in the profit and loss account. Accordingly, no separate statement of other comprehensive income has been presented.

Compass Group Finance No.2 Limited

Balance sheet

As at 30 September 2016

	Notes	2016 £'000	2015 £'000
Current assets			
Debtors: amounts falling due within one year	5	1,144,127	1,144,955
Current liabilities			
Creditors: amounts falling due within one year	6	(750,561)	(750,583)
Net assets		<u>393,566</u>	<u>394,372</u>
Capital and reserves			
Share capital	7	53,976	53,976
Profit and loss account		<u>339,590</u>	<u>340,396</u>
Shareholders' funds		<u>393,566</u>	<u>394,372</u>

The financial statements of Compass Group Finance No.2 Limited (registered number 3165891) were approved by the Board of Directors on 27 April 2017.

Signed on behalf of the Board of Directors



K Dunham
Director

Compass Group Finance No.2 Limited

Statement of changes in equity For the year ended 30 September 2016

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2014	53,976	341,223	395,199
Loss for the year	-	(827)	(827)
At 30 September 2015	53,976	340,396	394,372
At 1 October 2015	53,976	340,396	394,372
Loss for the year	-	(806)	(806)
At 30 September 2016	53,976	339,590	393,566

The notes on pages 10 to 13 form part of these financial statements.

Compass Group Finance No.2 Limited

Notes to the accounts

For the year ended 30 September 2016

1. Accounting policies

The significant accounting policies adopted in the preparation of the financial statements of the Company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with the historical cost convention, Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101), and in accordance with applicable United Kingdom laws. The Company has not prepared consolidated financial statements as it is a wholly-owned subsidiary of Compass Group PLC, a United Kingdom company and ultimate parent which prepares consolidated financial statements (section 400 CA 2006). 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 IFRS), but makes amendments where necessary in order to comply with the CA 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. These financial statements thus present information about the Company as an individual undertaking not as a Group undertaking. 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.

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

- a cash flow statement and related notes
- transactions with wholly owned subsidiaries
- the effect of new but not yet effective IFRSs
- disclosures in respect of compensation of key management personnel

A summary of the impact of the transition to FRS 101 is provided in note 9.

Going concern

Due to current economic conditions there are inherent future uncertainties that may impact the business. The directors have made enquiries and have a reasonable expectation that the Company has adequate resources to continue in existence for the 12 months from the date of approval of this report. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions and derecognised when it ceases to be party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within twelve months of the balance sheet date. If not, they are recognised as non-current.

Financial assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable, with subsequent measurement as set out below.

Investments in Group subsidiary undertakings are stated at cost. Other non-derivative financial assets are classified on initial recognition as loans and receivables or cash and cash equivalents as follows:

- **Loans and receivables:** these are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.
- **Cash and cash equivalents:** include cash in hand and deposits held on call, together with other short term highly liquid investments including investments in certain money market funds. Cash equivalents normally comprise instruments with maturities of three months or less at the date of acquisition.

Compass Group Finance No.2 Limited

Notes to the accounts

For the year ended 30 September 2016

1. Accounting policies continued

Financial instruments continued

Non-derivative financial assets are stated at amortised cost using the effective interest method, subject to reduction for allowances in recoverable amounts. These estimates for irrecoverable amounts are recognised when there is objective evidence that the full amounts receivable will not be collected according to the original terms of the asset.

Financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Tax

Current tax is the expected tax payable on the taxable income for the accounting period, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2. Auditor's remuneration

Fees of £1,200 (2015: £1,200) were received by the auditor in respect of the Company's statutory audit for the current and preceding years. These fees were borne and not recharged by another Group company. No fees were received by the auditor in respect of any non-statutory audit services in either the current or preceding year.

3. Directors and employees

The directors received no emoluments from the Company during the current year (2015: £nil).

There are no employees of Compass Group Finance No.2 Limited (2015: none).

Compass Group Finance No.2 Limited

Notes to the accounts

For the year ended 30 September 2016

4. Tax charge on ordinary activities

	2016 £'000	2015 £'000
UK corporation tax at 20% (2015: 20.5%)	807	827
Current tax charge on ordinary activities	807	827
Adjustment in respect of prior years: UK corporation tax	(1)	-
Current tax charge on ordinary activities	806	827

Reconciliation of the current tax charge to the tax charge at the UK statutory rate:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	-	-
Tax charge at UK statutory rate of 20% (2015: 20.5%)	-	-
Increase resulting from:		
Adjustments in respect of prior years	(1)	-
Transfer pricing adjustment	807	827
Current tax charge on ordinary activities	806	827

The UK corporation tax rate is decreased from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the Company's future current tax charge accordingly.

5. Debtors: amounts due within one year

	2016 £'000	2015 £'000
Amounts owed by fellow subsidiary undertakings	1,144,127	1,144,955

6. Creditors: amounts due within one year

	2016 £'000	2015 £'000
Corporation tax payable	807	829
Amounts owed to ultimate holding company	741,260	741,260
Amounts owed to fellow subsidiary undertakings	8,494	8,494
	750,561	750,583

Compass Group Finance No.2 Limited

Notes to the accounts

For the year ended 30 September 2016

7. Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
215,903,300 Ordinary shares of 25p each	<u>53,976</u>	<u>53,976</u>

8. Ultimate parent company and controlling entity

The ultimate parent company, Compass Group PLC, is the parent undertaking of the largest and smallest group of undertakings for which Group accounts are drawn up. The immediate parent and controlling party is also Compass Group PLC.

Compass Group PLC is incorporated in the United Kingdom and registered in England and Wales.

Copies of the Compass Group PLC financial statements are available from Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ and also on the Compass Group PLC website at www.compass-group.com.

9. Explanation of transition to FRS 101 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 September 2016, and the comparative information presented in the financial statements for the year ended 30 September 2015 and in the preparation of an opening FRS 101 balance sheet at 1 October 2014.

In preparing its FRS 101 balance sheet, there were no material measurement or recognition adjustments to previously reported amounts as a result of the adoption of FRS 101 and as such, in line with the requirements of FRS 101, the Company has not prepared a statement of transition.

The Company's financial statements still meet the requirements of the CA 2006 including giving a true and fair view of the Company's assets, liabilities, financial position and profit or loss.

The Company has informed its shareholders and has received no objections to the use of FRS 101.