

Registered number: 04371939

SODEXO INVESTMENT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



SODEXO INVESTMENT SERVICES LIMITED

COMPANY INFORMATION

Directors	L Arnaudo S A Carter
Company secretary	G L S John
Registered number	04371939
Registered office	One Southampton Row London United Kingdom WC1B 5HA

SODEXO INVESTMENT SERVICES LIMITED

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SODEXO INVESTMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their report and the financial statements for the year ended 31 August 2018.

Principal activity

The principal activities of the Company are as a holding company of investments in companies involved in bidding for contracts under the Government's Public Private Partnerships and Private Finance Initiative.

Directors

The directors who served during the year were:

L Arnaudo
S A Carter

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

SODEXO INVESTMENT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

This report was approved by the board on 30 May 2019 and signed on its behalf.



L. Arnaudo
Director.

SODEXO INVESTMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO INVESTMENT SERVICES LIMITED

We have audited the financial statements of Sodexo Investment Services Limited ("the company") for the year ended 31 August 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the requirements of the Companies Act 2006.

SODEXO INVESTMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO INVESTMENT SERVICES LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

SODEXO INVESTMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO INVESTMENT SERVICES LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Reddington (Senior statutory auditor)

for and on behalf of

KPMG LLP

Statutory auditor

1 St Peter's Square
Manchester
M2 3AE
31 May 2019

SODEXO INVESTMENT SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £000	2017 £000
Administrative expenses		(1)	(105)
Other operating income	4	298	355
Operating profit		<u>297</u>	<u>250</u>
Income from fixed assets investments		982	2,595
Profit on disposal of investments		-	12,245
Interest receivable and similar income	8	2,054	2,661
Interest payable and expenses	9	(82)	(81)
Profit before tax		<u>3,251</u>	<u>17,670</u>
Tax on profit	10	(436)	(566)
Profit for the financial year		<u><u>2,815</u></u>	<u><u>17,104</u></u>

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 9 to 17 form part of these financial statements.

SODEXO INVESTMENT SERVICES LIMITED
REGISTERED NUMBER: 04371939

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	11	12,927	13,262
		<u>12,927</u>	<u>13,262</u>
Current assets			
Debtors: amounts falling due within one year	12	2,160	1,216
Cash at bank and in hand		5,348	36,224
		<u>7,508</u>	<u>37,440</u>
Creditors: amounts falling due within one year	13	(4,348)	(9,430)
Net current assets		<u>3,160</u>	<u>28,010</u>
Total assets less current liabilities		<u>16,087</u>	<u>41,272</u>
Net assets		<u>16,087</u>	<u>41,272</u>
Capital and reserves			
Profit and loss account		16,087	41,272
		<u>16,087</u>	<u>41,272</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2019.


L. Arnaudo
 Director

The notes on pages 9 to 17 form part of these financial statements.

SODEXO INVESTMENT SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2016	-	24,168	24,168
Comprehensive income for the year			
Profit for the year	-	17,104	17,104
At 1 September 2017	-	41,272	41,272
Comprehensive income for the year			
Profit for the year	-	2,815	2,815
Dividends	-	(28,000)	(28,000)
At 31 August 2018	-	16,087	16,087

The notes on pages 9 to 17 form part of these financial statements.

SODEXO INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. General information

Sodexo Investment Services Limited (the "Company") is a company incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The directors have the expectation that the Company has adequate resources to continue in operation and to meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

2.4 Interest receivable and similar income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.5 Interest payable and similar costs

Interest payable and similar costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

SODEXO INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.6 Other operating income

Other operating income is recognised based on the amount receivable in respect of directors; fees and services provided, excluding VAT.

2.7 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.8 Valuation of investments

The Company holds participating interests in a number of entities involved in the bidding and operation of contracts under the Government's Public Private Partnerships and Private Finance Initiative. These interests are in the form of both share capital and long-term loan funding. Investments in participating interests are recognised at cost less provision for any permanent impairment in value.

SODEXO INVESTMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Basic financial instruments

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.

2.11 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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.

4. Other operating income

	2018	2017
	£000	£000
Fees receivable	298	355
	298	355

SODEXO INVESTMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>6</u>	<u>6</u>

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - *£NIL*).

7. Income from investments

	2018 £000	2017 £000
Dividends received from investments	<u>982</u>	<u>2,595</u>
	<u>982</u>	<u>2,595</u>

8. Interest receivable and similar income

	2018 £000	2017 £000
Gains on foreign exchange	-	4
Interest receivable on loans	1,975	2,273
Other interest receivable	79	384
	<u>2,054</u>	<u>2,661</u>

9. Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable on loans	<u>82</u>	<u>81</u>
	<u>82</u>	<u>81</u>

SODEXO INVESTMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profits for the year	430	567
Adjustments in respect of previous periods	6	(1)
	<u>436</u>	<u>566</u>
Total current tax	<u>436</u>	<u>566</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>436</u>	<u>566</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.58%). The differences are explained below:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	<u>3,251</u>	<u>17,669</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.58%)	618	3,460
Effects of:		
Adjustments to tax charge in respect of prior periods	6	(1)
Non-taxable income	(188)	(2,893)
Total tax charge for the year	<u>436</u>	<u>566</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) 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 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly.

SODEXO INVESTMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11. Fixed asset investments

	Participating interests £000	Loans to participating interests £000	Investments other than loans £000	Other loans £000	Total £000
Cost or valuation					
At 1 September 2017	76	8,511	35	4,640	13,262
Repayments	-	(73)	-	(262)	(335)
At 31 August 2018	<u>76</u>	<u>8,438</u>	<u>35</u>	<u>4,378</u>	<u>12,927</u>

In the opinion of the directors, the value of the investments is not less than the net book value shown above. Other loans and investments other than loans represents investments and loan balances with entities where Sodexo Investment Services Limited investment is less than 20%.

12. Debtors

	2018 £000	2017 £000
Trade debtors	64	8
Other debtors	1,934	1,102
Prepayments and accrued income	96	106
Tax recoverable	66	-
	<u>2,160</u>	<u>1,216</u>

SODEXO INVESTMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed to group undertakings	4,317	8,205
Corporation tax	-	1,101
Other taxation and social security	6	12
Accruals and deferred income	25	112
	4,348	9,430

All amounts are repayable on demand. Included within amounts owed to parent and group undertakings is a loan of £4,300,000 (2017: £8,186,000) with interest being calculated at base rate plus 0.5%.

14. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
1 (2017 - 1) Ordinary share of £1.00	1	1

SODEXO INVESTMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. Related party transactions

The group has taken exemption contained in paragraph 8 (k) of FRS 101 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent undertaking.

During the year, the Company carried out transactions with related parties in the standard course of business. The names of the related party, nature of transaction and total value is show below:

	2018 £000	2017 £000
Transaction with Ashford Prison Services Holdings Limited in which the Company holds a 15% shareholding		
Loan	557	606
Other income	33	35
Interest	73	75
Transaction with Peterborough Prison Management Holdings Limited in which the Company holds a 15% shareholding		
Loan	755	819
Other income	32	31
Interest	98	101
Transaction with Addiewell Prison Holdings Limited in which the Company holds a 33% shareholding		
Loan	2,776	2,846
Other income	33	32
Interest	342	342
Transaction with Mercia Healthcare (Holdings) Limited in which the Company holds a 25% shareholding		
Loan	2,439	2,439
Other income	27	26
Interest	309	338
Transaction with Healthcare Support (North Staffs) Limited in which the Company holds a 25% shareholding		
Loan	2,547	2,547
Other income	29	29
Interest	255	592
Transaction with HPC Kings College Hospital (Holdings) Limited in which the Company holds a 25% shareholding		
Loan	674	678
Other income	43	42
Interest	95	107
Transaction with Catalyst Healthcare (Roehampton) Holdings Limited in which the Company holds a 10% shareholding		
Loan	310	310
Other income	20	20
Interest	33	33

SODEXO INVESTMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. Related party transactions (continued)

Transaction with Catalyst Healthcare (Manchester) Holdings Limited in which the Company holds a 10% shareholding

Loan	2,042	2,042
Other income	28	27
Interest	342	341

Transaction with RMPA Holdings Limited in which the Company holds a 2% shareholding

Loan	319	469
Other income	23	22
Interest	63	77

Transaction with Enterprise Education Conwy Limited in which the Company holds a 10% shareholding

Loan	394	394
Other income	23	22
Interest	52	52

Transaction with Agecroft Prison Management Limited in which Sodexo Investment Services Limited's parent Sodexo Holdings Limited holds a 50% shareholding

Other income	30	50
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16. 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.