

Company Number: 33048

MERITGLEN LIMITED

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 1999



MERITGLEN LIMITED

Report and Financial Statements 1999

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Directors:

F H Mackay
R M Morley

Secretary and Registered Office:

R M Morley, Cowley House, Guildford Street, Chertsey, Surrey KT16 9BA

Auditors:

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

MERITGLEN LIMITED

Directors' Report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 30 September 1999.

1. Activities

The company's principal activities are those of a parent company with dormant subsidiaries. It is envisaged that the company will act in this role for the foreseeable future.

2. Results and dividends

The results for the year are set out on page 5 of these financial statements.

The rights to dividends on deferred shares and preference shares have been waived (in 1998, dividends were paid of £16,909 on deferred shares and £383 on preference shares).

The directors do not recommend that a dividend be paid on the ordinary shares for the year under review (1998 - £nil).

3. Directors

The directors throughout the year were as follows:

F H Mackay
R M Morley

4. Directors' interests

Mr F H Mackay is a director of Compass Group PLC, the ultimate parent company, and his interests in the shares of Compass Group PLC are disclosed in the financial statements of that company.

Mr R M Morley has the following interests in the shares of Compass Group PLC.

	No. of shares
Ordinary shares of 2.5p each	
Under option at 1 October 1998	320,000
Granted in the year	100,000
Exercised in the year	(70,000)
	<hr/>
Under option at 30 September 1999	350,000
	<hr/>
Owned at 1 October 1998	24,438
	<hr/>
Owned at 30 September 1999	24,438
	<hr/>

MERITGLEN LIMITED
Directors' Report (continued)

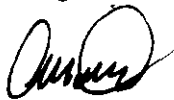
5. Auditors

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

6. Year 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

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



R M Morley
Director

14 June, 2000

MERITGLEN LIMITED
Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- prepare the financial statements on a 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 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.

MERITGLEN LIMITED
Auditors' Report to the Members

We have audited the financial statements on pages 5 to 14 which have been prepared in accordance with the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche
Chartered Accountants
and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR
28 June 2000

MERITGLEN LIMITED**Profit and Loss Account for the year ended 30 September 1999**

	Notes	1999	1998
		£'000	£'000
Tax credit		9	-
Dividends paid and proposed	5	-	(17)
		<hr/>	<hr/>
Retained profit/(loss) for the financial year		9	(17)
		<hr/>	<hr/>
<u>Movement in profit and loss account:</u>			
At beginning of the year		4,421	4,438
Profit/(loss) for the year		9	(17)
		<hr/>	<hr/>
At end of the year		4,430	4,421
		<hr/>	<hr/>

The profits are derived from continuing activities.

There are no recognised gains or losses for the year or preceding year other than those dealt with in the profit and loss account.

There are no movements in shareholders' funds other than those shown above.

MERITGLEN LIMITED
Balance Sheet as at 30 September 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	6	11	11
Current assets			
Debtors	7	7,277	7,311
Creditors			
Amounts falling due within one year	8	(250)	(293)
Net current assets		7,027	7,018
Total assets less current liabilities		7,038	7,029
Provisions for liabilities and charges	9	(839)	(839)
Net assets		6,199	6,190
Capital and reserves			
Called up share capital	10	1,714	1,714
Other reserves	11	55	55
Profit and loss account		4,430	4,421
Shareholders' funds		6,199	6,190
Attributable to equity shareholders		4,502	4,493
Attributable to non-equity shareholders		1,697	1,697
		6,199	6,190

Agreed by the Board of Directors
and signed on their behalf



.....
R M Morley
Director
14 June, 2000

MERITGLEN LIMITED

Notes to the Financial Statements for the year ended 30 September 1999

1. Accounting policies:

a) Accounting convention

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention. The bases used are consistent with those used in the previous year.

b) Investments

Investments are stated at cost less provision for any impairment in value. Provision for impairment in value below cost is carried in provisions for liabilities and charges.

2. Auditors' remuneration

Audit fees in the current and preceding year were borne by the ultimate parent company.

3. Employees

There were no employees during the year (1998 - nil).

4. Directors' emoluments

The directors received no emoluments in respect of services to the company during the year (1998- £nil).

MERITGLEN LIMITED**Notes to the Financial Statements for the year ended 30 September 1999**

	1999 £	1998 £
5. Dividends paid and proposed:		
On deferred shares of £1 each	-	16,909
On non-equity preference shares of £1 each	-	383
Total	-	17,292
Dividends per share:		
Deferred shares of £1 each	-	1p
Non-equity preference shares of £1 each	-	6.4p

The rights to dividends on deferred shares and preference shares have been waived.

	Shares in group undertakings £'000
6. Fixed asset investments	
<u>Cost</u>	
At 30 September 1999 and 30 September 1998	850
<u>Provisions</u>	
At 30 September 1999 and 30 September 1998	(839)
<u>New book value</u>	
At 30 September 1999	11
At 30 September 1998	11

The company holds the whole of the issued capital of the following companies all of which are registered in England and Wales and incorporated in Great Britain.

*Compass Nominee Company Number Fourteen Limited
 Compass Nominee Company Number Fifteen Limited
 Compass Group Medical Benefits Limited
 Audrey (Investments) Limited
 *Audrey (London) Limited

* Held through Audrey (Investments) Limited.

MERITGLEN LIMITED**Notes to the Financial Statements for the year ended 30 September 1999**

6. Fixed assets (continued)

All companies are non trading. In the opinion of the directors these investments are worth not less than £11,000.

The company is exempt from preparing consolidated financial statements under section 228 of the Companies Act 1985 as it is a wholly owned subsidiary of Compass Group PLC, which is incorporated in Great Britain and registered in England and Wales. These financial statements, therefore, present information about the company as an individual undertaking and not as a group.

	1999 £'000	1998 £'000
7. Debtors:		
Amounts owed by group companies:		
Parent company and fellow subsidiaries	7,173	7,207
Subsidiaries	104	104
	<u>7,277</u>	<u>7,311</u>
8. Creditors:		
Amounts falling due within one year		
Bank overdraft	-	34
Amounts owed to group companies:		
Fellow subsidiaries	250	250
Corporation tax payable	-	9
	<u>250</u>	<u>293</u>
9. Provisions for liabilities and charges:		
Provision for impairment in value of subsidiaries	<u>839</u>	<u>839</u>

MERITGLEN LIMITED**Notes to the Financial Statements for the year ended 30 September 1999**

10. Called up share capital:

	1999		1998	
	No. 000's	£'000	No. 000's	£'000
<u>Authorised</u>				
Ordinary shares of 1p each	10,310	103	10,310	103
Participating preference shares of £1 each	6	6	6	6
Deferred shares of £1 each	1,691	1,691	1,691	1,691
		<u>1,800</u>		<u>1,800</u>
<u>Allotted, called up and fully paid</u>				
Ordinary shares of 1p each	1,691	17	1,691	17
Participating preference shares of £1 each	6	6	6	6
Deferred shares of £1 each	1,691	1,691	1,691	1,691
		<u>1,714</u>		<u>1,714</u>

MERITGLEN LIMITED

Notes to the Financial Statements for the year ended 30 September 1999

10. Called up share capital (continued):

Non-equity shareholder - Participating preference shares of £1 each:

The rights, privileges, limitations and restrictions attaching to the Participating preference shares are as follows:-

(a) As regards income:

The holders of the Participating preference shares shall have the right to be paid out of the profits available for distribution by way of dividend and resolved to be so distributed, in respect of each accounting revenue period of the company.

- (i) in priority to any dividend payable to the holders of any other class of shares in the company, a variable cumulative preference dividend (the "preference dividend") of $\frac{2}{3}$ (X plus 2) per cent per annum of the nominal value of such shares where X is equal to 12 month LIBOR which preference dividend shall be payable to the holders thereof on the register at the close of business on the day immediately preceding the dividend payment date being the last business day of the company's accounting reference period and for the purposes of calculating the preference dividend X shall be determined by National Westminster Bank PLC as 12 month LIBOR on the first day of the company's accounting reference period.
- (ii) subject thereto and subject to the aggregate dividends paid in respect of the existing Ordinary shares taken as a class in any year exceeding £28,000,000, a further dividend of one per cent of any remaining profits available for distribution by way of dividend and resolved to be so distributed.

(b) As regards capital:

On a winding up or on any other return of capital or return of assets on liquidation, holders of the Participating preference shares shall have the right to have the surplus assets of the company available for distribution amongst its members in accordance with the Articles applied, in priority to any other class of shares, as follows:

MERITGLEN LIMITED

Notes to the Financial Statements for the year ended 30 September 1999

10. Called up share capital (continued)

- (i) in paying to the holders of the Participating preference shares a sum equal to all arrears and accruals of the preference dividend calculated
- (ii) in paying to the holders of the Participating preference shares pro rata any amounts paid up or credited as paid up on such shares.

The Participating preference shares shall carry no further or other right to participate in the assets:

(c) As regards voting:

The Participating preference shares shall confer no right on the holders thereof to receive notice of or to be present or to vote either in person or by proxy at any general meeting of the company unless:

- (i) the purpose of the meeting is to consider any proposal or resolution to approve the purchase by the company of any of its share capital or otherwise to vary or amend any of the rights or privileges of any other class of shares from time to time in issue, or
- (ii) a resolution is to be proposed abrogating or directly and adversely varying any of the rights or privileges of the holders thereof as a class in which case such holders shall be entitled to vote at any such meeting only in respect of such resolution.

Non-equity shareholder – Deferred shares of £1 each:

The rights, privileges, limitations and restrictions attaching to the Deferred shares are as follows:-

(a) As regards income:

The £1 deferred shares confer on the holders the rights to a fixed deferred dividend of one pence per annum subject to the rights to payment of dividends to the holders of any other class of shares in the company.

MERITGLEN LIMITED

Notes to the Financial Statements for the year ended 30 September 1999

10. Called up share capital (continued)

(b) As regards capital:

On a winding-up, the holders of the Deferred Shares shall have the right to have the surplus assets of the Company available for distribution amongst its members in priority to any other class of shares, in paying to the holders of the Deferred Shares a sum equal to all arrears of the fixed deferred divided thereon due on the commencement of the winding-up and thereafter in paying pro rata any amounts paid or credited as paid up on such shares. The Deferred Shares shall carry no further or other right to participate in any other return of capital.

(c) As regards voting:

The Deferred Shares shall confer no right on the holders thereof to receive notice of or to be present or to vote either in person or by proxy at any general meeting of the Company unless a resolution is to be proposed abrogating or directly and adversely varying any of the rights or privileges of the holders thereof as a class in which case such holders shall be entitled to vote at any such meeting only in respect of such resolution.

11. Other reserves:

£'000

At beginning and end of year 55

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12. Commitments:

There were no commitments for capital expenditure at the end of the year.

13. Cash flow statement:

A group cash flow statement is included in the financial statements of the ultimate parent company.

14. Ultimate parent company:

The ultimate parent company and controlling entity is Compass Group PLC, a company incorporated in Great Britain and registered in England and Wales.

Copies of the Compass Group PLC financial statements are available from Cowley House, Guildford Street, Chertsey, Surrey KT16 9BA.

MERITGLEN LIMITED**Notes to the Financial Statements for the year ended 30 September 1999**

15. Transactions with related parties

In accordance with the exemption extended in FRS8 "Related Party Disclosures", the company has not disclosed transactions or balances between itself and Compass Group PLC and its subsidiary undertakings on the basis that 90 per cent or more of the voting rights of these companies are controlled 100 per cent within the group.