

Registered number: 02721707

SODEXO SERVICES GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



SODEXO SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	S A Carter Sodexo Corporate Services (No.1) Limited
Company secretary	Sodexo Corporate Services (No.2) Limited
Registered number	02721707
Registered office	One Southampton Row London WC1B 5HA

SODEXO SERVICES GROUP LIMITED

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SODEXO SERVICES GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The directors present their report and the financial statements for the year ended 31 August 2020.

Directors

The directors who served during the year were:

S A Carter
Sodexo Corporate Services (No.1) Limited

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, Statutory Auditor, 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.

This report was approved by the board on 24 September 2021 and signed on its behalf.

S.A. 

S A Carter
Director

One Southampton Row
London
WC1B 5HA

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SODEXO SERVICES GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020

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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

SODEXO SERVICES GROUP LIMITED

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

We have audited the financial statements of Sodexo Services Group Limited ("the company") for the year ended 31 August 2020 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 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

SODEXO SERVICES GROUP LIMITED

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

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.

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 SERVICES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO SERVICES GROUP 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

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

24 September 2021

SODEXO SERVICES GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Interest receivable and similar income	6	3,026	3,238
Profit before tax		3,026	3,238
Tax on profit	7	(497)	(488)
Profit for the financial year		2,529	2,750

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 9 to 14 form part of these financial statements.

SODEXO SERVICES GROUP LIMITED
REGISTERED NUMBER: 02721707

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	8	328,853	325,828
		<u>328,853</u>	<u>325,828</u>
Creditors: amounts falling due within one year	9	(45,597)	(45,101)
		<u></u>	<u></u>
Net current assets		283,256	280,727
Total assets less current liabilities		283,256	280,727
Net assets		283,256	280,727
Capital and reserves			
Called up share capital	10	2,368	2,368
Share premium account		217,687	217,687
Profit and loss account		63,201	60,672
		<u>283,256</u>	<u>280,727</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2021.

S.A. 

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S A Carter
Director

The notes on pages 9 to 14 form part of these financial statements.

SODEXO SERVICES GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 September 2018	2,368	217,687	57,922	277,977
Comprehensive income for the year				
Profit for the year	-	-	2,750	2,750
At 1 September 2019	2,368	217,687	60,672	280,727
Comprehensive income for the year				
Profit for the year	-	-	2,529	2,529
At 31 August 2020	2,368	217,687	63,201	283,256

The notes on pages 9 to 14 form part of these financial statements.

SODEXO SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. General information

Sodexo Services Group Limited, a private company limited by shares, is incorporated in the United Kingdom. The Company's registered number is 02721707 and its registered office is One Southampton Row, London, WC1B 5HA.

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 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 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- 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

SODEXO SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.3 Going concern

The directors continue to adopt the going concern basis in the preparation of the financial statements.

The business has remained resilient to the impact of UK-wide Covid-19 lockdowns due to the high proportion of trade in both government and non-food contracts, which have been able to continue with appropriate social distancing measures in place. However, food services have been reduced across corporate, sport and leisure and education clients. Therefore, careful management of costs have and continue to be critical.

Going forward, the directors expect trade to continue to be impacted by Covid-19 but with some recovery for areas of the business that have been reduced. The current progress and outlook for the UK vaccination programme and published roadmaps for easing restrictions, will enable the opening of the food service parts of the business, with some realised already in March 2021 on the opening of schools. In addition, the company continues to see opportunities for organic growth, with new contracts in the pipeline.

To inform the basis of preparation of these accounts, the directors have considered cash and profit scenarios for forward trade over the next 13 months, based on the facts we have now. These include a further 2 lockdown periods of 1 month each with trade impacted in a similar way to FY20. The forecasts indicate that the company will continue to be resilient to the situation. Routine peaks in cash requirements during the trading cycle, will be funded from an overdraft facility with the parent company Sodexo SA if necessary. In a worst-case scenario, the company could draw upon funding that has been indicated by a letter of support received from Sodexo SA, the French domiciled parent company, which currently has a strong credit rating of Baa1 from Moody's Investors Service. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and therefore have prepared the financial statements on a going concern basis.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

SODEXO SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.6 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.

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. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u><u>2</u></u>	<u><u>2</u></u>

Fees payable to the Company's auditors are borne by other related undertakings.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

SODEXO SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Interest receivable

	2020	2019
	£000	£000
Other interest receivable	3,026	3,238
	<u>3,026</u>	<u>3,238</u>

7. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	494	508
Adjustments in respect of previous periods	3	(20)
	<u>497</u>	<u>488</u>
Total current tax	<u>497</u>	<u>488</u>
Taxation on profit on ordinary activities	<u>497</u>	<u>488</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	<u>3,026</u>	<u>3,238</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	575	615
Effects of:		
Adjustments to tax charge in respect of prior periods	3	(20)
Other differences leading to an increase (decrease) in the tax charge	(81)	(107)
Total tax charge for the year	<u>497</u>	<u>488</u>

SODEXO SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 August 2019 has been calculated based on this rate.

In the March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the Company's future current tax charge accordingly and increase any deferred tax asset or liability.

SODEXO SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Debtors

	2020	2019
	£000	£000
Amounts owed by group undertakings	328,853	325,828
	328,853	325,828

Intercompany interest is calculated on the loan with Sodexo Limited with a year end value of £325,828,000 (2018: £322,590,000) at a rate of 0.5% above the UK base rate. This loan is repayable on demand.

9. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to group undertakings	45,597	45,101
	45,597	45,101

Amounts above are owed to Sodexo Limited.

10. Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
236,771,024 (2019 - 236,771,024) Ordinary shares of £0.01 each	2,368	2,368

11. Ultimate parent company and ultimate controlling party

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

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.