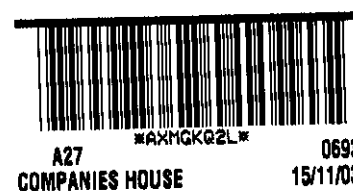


Sodexho Services Group Limited
Annual report
for the year ended 31 August 2002

Registered Number 2721707



Sodexho Services Group Limited
Annual report
for the year ended 31 August 2002

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Sodexo Services Group Limited

Directors and Advisors for the year ended 31 August 2002

Directors

M R Adams
R S Herbert-Jones
M Shipman

Secretary

N A Mead

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

DLA
3 Noble Street
London
EC2V 7EE

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

Bankers

HSBC Bank plc
27/32 Poultry
London
EC2P 5AE

Citibank International Plc
Citicenter
19 Le Parvis
92073 Paris La Défense
France

Registered Office

Kenley House
Kenley Lane
Kenley
Surrey
CR8 5ED

Registered Number

2721707

Sodexo Services Group Limited

Directors' report for the year ended 31 August 2002

The directors present their report and the audited financial statements for the year ended 31 August 2002.

Principal activities and review of business

The company is a holding company of subsidiaries providing catering and support services.

Results, dividends and transfers to reserves

During the year, the company achieved a profit on ordinary activities before interest and tax of £7,069,000 (2001: £35,464,000). The retained surplus after dividends for the year amounting to £6,509,000 (2001: £1,753,000) has been transferred to reserves.

Interim dividends for the year amounting to £ Nil (2001: £12,618,000) have been paid. A second interim dividend of £ Nil (2001: £18,962,000) has been paid.

Directors and their interests

The directors of the company who held office during the year are given below:

M R Adams	(appointed 22 April 2002)
M Shipman	(appointed 22 April 2002)
R S Herbert-Jones	
P Douce	(resigned 22 April 2002)
D S Ford	(resigned 22 April 2002)
B Carton	(resigned 22 April 2002)
P Bellon	(resigned 22 April 2002)

None of the directors had any interests in the share capital of the company during the year. No disclosure is required of any interests in the share capital of the ultimate holding company, Sodexo Alliance SA, because that company is not incorporated in Great Britain and in accordance with the exceptions to the Companies Act 1985 contained in Statutory Instrument 802 of 1985.

During the year none of the directors had a material interest in a beneficial capacity in any contract which was significant in relation to the company's business.

Insurance of directors

The company maintains insurance for directors and officers in respect of their duties as directors and officers of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 August 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Sodexo Services Group Limited

By order of the board

A handwritten signature in black ink, appearing to read 'MR Adams', with a stylized flourish at the end.

M R Adams
Director
3rd November 2003

Sodexho Services Group Limited

Independent auditors' report to the members of Sodexho Services Group Limited

We have audited the financial statements which comprise profit and loss account, the balance sheet, the accounting policies statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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.

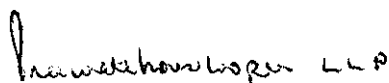
Basis of audit opinion

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 at 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

3rd November 2003

Sodexo Services Group Limited

Profit and loss account for the year ended 31 August 2002

	Notes	2002 £'000	2001 £'000
Operating profit	4	6	-
Profit on sale of fixed asset	5	-	886
Income from interests in subsidiary undertakings		7,063	34,578
Profit on ordinary activities before interest and taxation		7,069	35,464
Interest receivable	6	4,836	1,339
Interest payable and similar charges	7	(3,905)	(4,372)
Profit on ordinary activities before taxation		8,000	32,431
Tax (charge) / credit on profit on ordinary activities	8	(1,491)	902
Profit on ordinary activities after taxation		6,509	33,333
Dividends	9	-	(31,580)
Retained profit for the year	16	6,509	1,753

All the activities during the year and in 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.

Sodexho Services Group Limited

Balance sheet as at 31 August 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	10	294,879	296,842
Current assets			
Debtors	11	89,247	52,859
Cash at bank and in hand		2,168	1,376
		91,415	54,235
Creditors: amounts falling due within one year	12	(102,485)	(73,777)
Net current liabilities		(11,070)	(19,542)
Total assets less current liabilities		283,809	277,300
Creditors: amounts falling due after more than one year	13	(54,140)	(54,140)
Net assets		229,669	223,160
Capital and reserves			
Called up share capital	15	2,368	2,368
Share premium account	16	217,687	217,687
Profit and loss account	16	9,614	3,105
Total equity shareholders funds	17	229,669	223,160

The financial statements on pages 5 to 13 were approved by the board of directors on 3 November 2003 and were signed on its behalf by:



M Adams
Director
3rd November 2003

Sodexho Services Group Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Intermediate parent undertaking

The financial statements contain information about Sodexho Services Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements, as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Sodexho Alliance SA, a company registered in France.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Deferred taxation

In accordance with FRS 19, deferred taxation is fully provided in respect of timing differences to the extent that it is probable that a liability will arise or that an asset will be recoverable in the foreseeable future. Deferred tax balances are not discounted.

Cash flow statement

The company has taken advantage of the exemption under FRS 1 (revised) and not published a cash flow statement. The cash flows of the group are included in the consolidated cash flow statement of the ultimate parent undertaking.

Foreign currencies

All foreign exchange differences are taken to the company's profit and loss account in the year in which they arise.

Fixed Asset Investments

Shares in subsidiary investments are stated at cost less provisions for any diminution in value.

Sodexho Services Group Limited

Notes to the financial statements for the year ended 31 August 2002

1 Directors' emoluments

The directors received no remuneration in respect of their services to the company during the year (2001: Nil).

2 Employee information

The company had no employees in 2002 or 2001.

3 Auditors' remuneration

The audit fee for the company is borne by a fellow subsidiary undertaking.

4 Operating profit

	2002 £'000	2001 £'000
Operating profit is stated after charging:		
Miscellaneous operating items	6	-

5 Exceptional item - profit on sale of fixed asset

	2002 £'000	2001 £'000
Profit on sale of fixed asset investment	-	886

On 28 February 2001, the company sold Sodexho Japan Kabushiki Kaisha, a 45% owned company, for £1.039m in cash.

6 Interest receivable and similar amounts

	2002 £'000	2001 £'000
Interest receivable on bank loans, overdrafts and other loans	14	-
Inter-group interest and similar credits	4,822	1,339
	4,836	1,339

Sodexo Services Group Limited

7 Interest payable and similar charges

	2002 £'000	2001 £'000
Interest payable on bank loans, overdrafts and other loans	-	1,173
Inter-group interest and similar charges on loans repayable within five years	3,905	3,199
	3,905	4,372

8 Taxation charge / (credit) on profit on ordinary activities

(a) Analysis of charge in period

	2002 £	2001 £
Current tax:		
UK corporation tax	4,518	2,217
Double tax relief	(3,027)	(3,119)
Total Current Tax	1,491	(902)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

(b) Factors affecting tax charges for the period:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	8,000	32,431
Profit on ordinary activities multiplied by standard rate of corporation tax		
tax – 30%	2,400	9,729
Effects of:		
Expenses not deductible for tax purposes	1,210	-
Profit on disposal of shares in subsidiary	-	(258)
Non taxable UK dividend income	-	(8,190)
Increase in taxable income for underlying tax on dividend income	908	936
Double tax relief	(3,027)	(3,119)
Current tax charge for period	1,491	(902)

The tax credit on overseas taxation relates to relief claimed for the underlying tax on overseas dividends received.

Sodexo Services Group Limited

9 Dividends

	2002 £'000	2001 £'000
Interim dividend: (2001: 5.3p) per 1p share	-	12,618
Final dividend: (2001: 8.0p) per 1p share	-	18,962
	-	31,580

10 Fixed asset investments

	Interests In group undertakings £'000
Cost	
At 1 September 2001	308,915
Disposals	(1,963)
At 31 August 2002	306,952
Amounts written off	
At 1 September 2001 and 31 August 2002	12,073
Net book amount	
At 31 August 2002	294,879
Net book amount	
At 31 August 2001	296,842

During the year the company transferred its 60% holding in Primary Management (Aldershot) Limited, a company (incorporated in England and Wales), to a fellow subsidiary, Sodexo Defence Services. The company also transferred its 100% holding in Sodexo Healthcare Services Ltd (formerly Sodexo Services Ltd) to its parent company, Sodexo Holdings Ltd. Both of these transfers were made at book value.

In the opinion of the directors, the value of the investments is not less than the book amount shown above.

The company's principal subsidiary undertakings which are all wholly owned either directly or indirectly are as follows:

Name of undertaking	Country of incorporation or registration	Description of shares held	Major activity	% Holding
Sodexo International Holdings Limited	England and Wales	Ordinary £1 shares	Non-trading	100%
Sodexo Limited	England and Wales	Ordinary £1 shares	Catering and support services	100%
Sodexo Prestige Limited	England and Wales	Ordinary £1 shares	Catering and support services	100%
Van Hecke BV	Netherlands	Shares of Hfl 100	Catering and support services	100%

Sodexo Services Group Limited

11 Debtors

	2002 £'000	2001 £'000
Amounts falling due within one year		
Amounts owed by immediate parent undertaking	83,029	49,599
Amounts owed by subsidiary undertakings	-	389
Total debtors due within one year	83,029	49,988
Amounts falling due after more than one year		
Other debtors	6,218	2,871
	89,247	52,859

12 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to parent company and fellow subsidiary undertakings	545	542
Amounts owed to subsidiary undertakings	101,937	73,209
Accruals and deferred income	3	26
	102,485	73,777

13 Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Amounts owed to fellow subsidiary undertakings repayable between two and five years	54,140	54,140

14 Provisions for liabilities and charges

Deferred taxation

No deferred taxation has been provided in the financial statements nor does any net liability exist.

Sodexo Services Group Limited

15 Called up share capital

	2002 £'000	2001 £'000
Amounts falling due within one year		
236,771,024 ordinary shares of 1p each	2,368	2,368
Allotted, called up and fully paid		
236,771,024 ordinary shares of 1p each	2,368	2,368

16 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 1 September 2001	217,687	3,105
Profit for the year	-	6,509
At 31 August 2002	217,687	9,614

17 Reconciliation of movements in equity shareholders' funds

	2002 £'000	2001 £'000
Profit for the financial year	6,509	33,333
Dividends	-	(31,580)
Net increase in shareholders funds during the year	6,509	1,753
Opening shareholders funds	223,160	221,407
Closing shareholders funds	229,669	223,160

18 Contingent liabilities

The company has given counter-indemnities relating to guarantees and performance bonds amounting to £10,388,151 (2001: £10,424,019) on behalf of its subsidiaries.

The company has given guarantees under Letters of Credit amounting to £250,000 (2001: £4,823,330).

Sodexo Services Group Limited

19 Ultimate parent company and ultimate controlling party

The immediate parent undertaking is Sodexo Holdings Limited.

In the opinion of the directors the company's ultimate controlling party is the ultimate parent company, Sodexo Alliance SA, a company incorporated in France. Copies of that company's consolidated financial statements may be obtained from: The Secretary, Sodexo Alliance SA, 3 Avenue Newton, 78180 Montigny-le-Bretonneux, France.

20 Related party transactions

The group has taken exemption under Financial Reporting Standard Number 8 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 normal course of business and on an arm's length basis. The names of the related party, nature of transaction and total value is shown below.

	Value of transaction in current period £'000	Receivable at year end £'000	Interest £'000
Transaction with South Manchester Healthcare Trust Ltd in which the company holds a 25% holding:			
Loan	-	1,657	254
Transaction with Mercia Healthcare Trust Ltd in which the company holds a 25% holding.			
Loan	2,124	2,124	136
Transaction with HpC Kings College Hospital (Holdings) in which the company holds a 25% holding.			
Loan	-	1,204	766

**Written Resolution of Sodexho Services Group Limited ("the Company")
passed on 3rd November 2003 by the Sole Member of the Company
pursuant to Section 381A of The Companies Act 1985 (as amended)**

1. Auditors Report

The auditors report for the statutory accounts for year ended 31 August 2002 was taken as read.

2. Report and Accounts

It was resolved that the Directors report and the Auditors Report for the year ended 31 August 2002 ("the 2002 Accounts") previously circulated be received.

3. Auditors

It was noted that PwC LLP have given notice to the Directors of the Company that they intend to resign as auditors of the Company immediately following the approval by the Board and laying of the 2002 Account before the Shareholder.

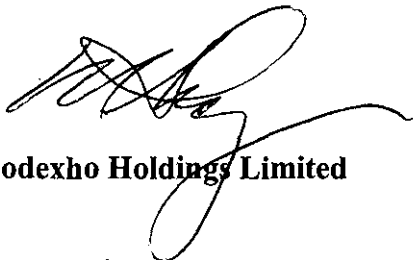
It was resolved that following the resignation of PwC LLP KPMG LLP be and are hereby appointed auditors of the Company.

4. Elective Regime

It was resolved

- 4.1 That pursuant to Section 366A of the Companies Act 1985 the Company hereby elects to dispense with the holding of Annual General Meetings in 2004 and in subsequent years until this election is revoked.
- 4.2 That pursuant to Section 252 of the Companies Act 1985 the Company hereby elects to dispense with the laying of accounts and reports before the Company in General Meeting for the current financial year and for all subsequent years
- 4.3 That pursuant to Section 386 of the Companies Act 1985 the Company hereby elects to dispense with the obligation to appoint auditors annually.

Signed for and on behalf of



Sodexho Holdings Limited

Dated: 3rd November 2003

