

Company Number: 3078635

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2001



COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Report and Financial Statements 2001

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Directors

F H Mackay
A P Lynch
R M Morley

Secretary and Registered Office

A Derham, Cowley House, Guildford Street, Chertsey, Surrey, KT16 9BA

Auditors

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

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Directors' Report

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 30 September 2001.

1. Activities and Future Prospects

The company acts as a holding company principally for subsidiaries resident outside the United Kingdom and it is the intention of the directors that it will continue in this capacity.

2. Results and Dividend

The loss for the year of £1,735,000 (2000: profit of £36,000) has been transferred from reserves.

The directors do not propose the payment of a dividend (2000: £nil).

3. Directors

The following served as directors throughout the year under review:

A P Lynch

F H Mackay

R M Morley

4. Directors' Interests

Mr F H Mackay holds jointly with Compass Group Holdings PLC one ordinary share of £1 in the company.

During the year, Mr F H Mackay and Mr A P Lynch have also been directors of the company's parent undertaking shown in note 15 to the financial statements. Their interests in shares of Compass Group PLC and Granada Compass plc are shown in the financial statements of Compass Group PLC.

None of the directors had any other interest in the company or any other group company.

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Directors' Report (continued)

4. Directors' Interests - continued

Mr R M Morley had the following interests in the shares of Compass Group PLC and Granada Compass plc:-

	R M Morley
Under option at 1 October 2000 (Ordinary shares in Granada Compass plc)	279,207
Granted in the year	1,004,573
Exercised	-
Lapsed	-
Under option at 30 September 2001 (Ordinary shares in Compass Group PLC)	<u>1,283,780</u>
Owned at 1 October 2000	24,438
Owned at 30 September 2001	38,038

5. Auditors

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

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



R M Morley

Director

30 July 2002

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Statement of Directors' Responsibilities

United Kingdom 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 the 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; and
- 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 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPASS OVERSEAS HOLDINGS No.2 LIMITED

We have audited the financial statements of Compass Healthcare Group Limited for the year ended 30 September 2001 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements with due regard to applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 relevant information regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the Company, 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 affairs of the company as at 30 September 2001 and of the loss of the company 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

30 July 2002

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Profit and Loss Account for the year ended 30 September 2001

	Notes	2001 £ 000	2000 £ 000
Continuing operations:			
Administrative expenses		-	(2)
Loss on ordinary activities before tax		-	(2)
Tax (charge)/credit on loss/profit on ordinary activities	4	(1,735)	38
(Loss)/profit for the year transferred (from)/to reserves		(1,735)	36

Statement of Total Recognised Gains and Losses

	2001 £ 000	2000 £ 000
(Loss)/profit for the year	(1,735)	36
Foreign exchange translation differences on foreign currency net investments	8,151	(22,946)
Total gains and losses recognised in the year	6,416	(22,910)

All operations are continuing operations.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Balance Sheet as at 30 September 2001

	Notes	2001 £ 000	2000 £ 000
Fixed Assets			
Investments	5	<u>1,023,051</u>	<u>931,864</u>
Current Assets			
Debtors: amounts falling due after one year	6	217	209
Creditors: amounts falling due within one year	7	<u>(594,735)</u>	<u>(593,000)</u>
Net current liabilities		<u>(594,518)</u>	<u>(592,791)</u>
Total assets less current liabilities		<u>428,533</u>	<u>339,073</u>
Creditors: amounts falling due after more than one year	8	<u>(314,731)</u>	<u>(231,687)</u>
		<u>113,802</u>	<u>107,386</u>
Capital and reserves			
Called up share capital	9	-	-
Share premium	10	507,814	507,814
Profit and loss account	10	(220,829)	(219,094)
Foreign exchange reserve	10	<u>(173,183)</u>	<u>(181,334)</u>
Equity shareholders' funds	11	<u>113,802</u>	<u>107,386</u>

Agreed by the Board of
Directors and signed on their behalf



R M Morley
Director

30 July 2002

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2001

1. Accounting policies

(a) Accounting convention

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

(b) Investments

Investments are stated at historical cost and translated into sterling in accordance with the policy at (d) below, less any provision for impairment in value.

(c) Deferred taxation

Deferred taxation is provided at the anticipated taxation rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those on which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(d) Foreign currencies

The historical currency cost of investments in foreign subsidiary companies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses resulting from the realignment of opening foreign currency balances to the year end rates on inter-company long-term loans are treated as movements on reserves.

2. Auditors' remuneration

Audit fees for the current and preceding financial years are borne by another group company.

3. Directors' emoluments and employees

The directors received no emoluments during the year (2000 - £nil).
There were no employees during the year (2000 - none).

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2001

4. Tax charge on profit on ordinary activities

	2001 £ 000	2000 £ 000
UK Corporation tax at 30% (2000: 30%)		
Current year	551	-
Prior year	1,184	38
	<u>1,735</u>	<u>38</u>

5. Fixed asset investments

	Shares in group undertakings £ 000
At 1 October 2000	931,864
Additions	64,766
Foreign exchange differences	26,421
At 30 September 2001	<u>1,023,051</u>

Group accounts are not prepared as the company is a wholly owned subsidiary of Compass Group Holdings PLC, which is incorporated in Great Britain and registered in England and Wales.

The company has two direct subsidiary companies: Compass Group International B.V and Compass Group Vending Holdings BV.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2001

- i. Compass Group International BV, formerly Eurest International BV, is a holding company incorporated in the Netherlands in which 100% of the ordinary share capital is held. The subsidiaries of Compass Group International BV include:

Country of registration or incorporation	Principal activities	Percentage interest held at 30 September 2001
Compass Group Norge A/S, Norway	Holding company for the provision of foodservice in Norway	100
Compass Group Deutschland GmbH, Germany	Holding company for the provision of foodservice in Germany	100
Compass Group Nederland BV, The Netherlands	Holding company for the provision of foodservice in the Netherlands	100
Compass Group Holdings Spain S.L., Spain	Holding company for the provision of foodservice in Spain	100

- ii. Compass Group Vending Holdings BV is a holding company incorporated in the Netherlands in which 100% of the ordinary share capital is held. The principal investment of Compass Group Vending Holdings BV is Selecta Group AG, a company incorporated in Switzerland, which is engaged in the provision of foodservice. Compass Group Vending Holdings BV holds a 33% interest in Selecta Group AG.

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2001

		2001 £ 000		2000 £ 000
6.	Debtors: amounts falling due after more than one year			
	Loan notes	<u>217</u>		<u>209</u>
7.	Creditors: amounts falling due within one year	2001 £ 000		2000 £ 000
	Amounts owed to group undertakings	593,000		593,000
	Corporation Tax	<u>1,735</u>		<u>-</u>
		<u>594,735</u>		<u>593,000</u>
8.	Creditors: amounts falling due after more than one year	2001 £ 000		2000 £ 000
	Amounts owed to group undertakings	<u>314,731</u>		<u>231,687</u>
9.	Called up share capital	2001 No.		2000 No.
	<u>Authorised</u>		£	
	Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>Allotted, called up and fully paid</u>			
	Ordinary shares of £1 each	<u>413</u>	<u>413</u>	<u>413</u>

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2001

10. Reserves	Share premium	Profit and loss account	Foreign exchange reserve
	£ 000	£ 000	£ 000
At 1 October 2000	507,814	(219,094)	(181,334)
Foreign exchange translation differences	-	-	8,151
Loss for the year	-	(1,375)	-
At 30 September 2001	<u>507,814</u>	<u>(220,829)</u>	<u>(173,183)</u>

11. Reconciliation of movement in equity shareholders' funds	2001 £ 000	2000 £ 000
Opening equity shareholders' funds	107,386	130,296
(Loss)/profit for the year	(1,735)	36
Other recognised gains and losses relating to the year	8,151	(22,946)
Closing equity shareholders' funds	<u>113,802</u>	<u>107,386</u>

12. Contingent liabilities

The company has entered into cross guarantees in respect of:

- i) US\$420 million borrowed under fixed term, fixed interest private placement by the parent company Compass Group Holdings PLC. As of 30 September 2001 the amount was reduced to US\$324.0 million (2000: US\$337.9 million).
- ii) The group overdraft facility with National Westminster Bank PLC. The amount drawn down at 30 September 2001 was nil (2000: £1.6 million).

COMPASS OVERSEAS HOLDINGS No.2 LIMITED

Notes to the financial statements for the year ended 30 September 2001

13. Commitments

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

14. Cash flow statement

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

15. Ultimate parent company and controlling party

At the start of the financial year, the ultimate parent company and controlling party was Granada Compass plc.

On 1 February 2001, Compass Group PLC (formerly Compass Demerger Limited) demerged from Granada Compass plc and from that date the directors consider Compass Group PLC to be the ultimate parent company.

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

All the above named companies are 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

16. 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 group 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.