

Company Registration No. 05055135

Compass Group Finance No.4 Limited

Annual Report and Financial Statements

For the year ended 30 September 2018



Compass Group Finance No.4 Limited

Annual report and financial statements 2018

Contents	Page
Officers and professional advisers	1
Directors' Report	2
Directors' Responsibilities Statement	4
Independent Auditor's Report to the members of Compass Group Finance No.4 Limited	5
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the accounts	10

Compass Group Finance No.4 Limited

Annual report and financial statements 2018

Officers and professional advisers

Directors

S J Sergeant
A R Yapp

Secretary

Compass Secretaries Limited

Registered Office

Compass House
Guildford Street
Chertsey
Surrey
KT16 9BQ

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Compass Group Finance No.4 Limited

Directors' Report

The directors present their Annual Report and audited financial statements for Compass Group Finance No.4 Limited (the Company) for the year ended 30 September 2018. The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under section 414B of the Companies Act 2006 (CA 2006).

Business review and principal activities

The Company is a wholly-owned subsidiary of Compass Group PLC and its principal activity is providing finance to other members of the Compass Group (the Group).

The results for the Company show a loss for the year of £211,724 (2017: £217,223) and total assets less total liabilities of £103,822,444 at 30 September 2018 (2017: £104,034,168). The Company's directors believe that analysis using key performance indicators is not necessary for an understanding of the position of the Company. The performance of Compass Group PLC is discussed in its Annual Report which does not form part of this report.

Principal risks and uncertainties

The Company has only intra-group investments and balances, no third party debt and hence no external interest rate exposure. Certain investments in subsidiary undertakings and intra-group balances are denominated in foreign currency.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Compass Group PLC and are not managed separately. Group risks are discussed in the Group's Annual Report which does not form part of this report. A copy of the Compass Group PLC Annual Report 2018 can be found on the Compass Group PLC website at www.compass-group.com or from the Company Secretarial Department at Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ.

Due to the current economic conditions there are inherent future uncertainties that may impact the business. The directors have made enquiries and have a reasonable expectation that the Company has adequate resources to continue in existence for the 12 months from the date of this Report. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Following Brexit there is a significant uncertainty about the process of withdrawal from the European Union, the timeframe, the outcome of negotiations about future arrangements between the UK and the European Union, and the period for which existing European Union laws for member states continue to apply to the UK. The Company's directors view the potential impact of Brexit as an integral part of its principal risks rather than a stand-alone risk. It is not yet clear what the full impact will be whilst negotiations continue to take place.

Compass Group Finance No.4 Limited

Directors' Report continued

Dividends

The directors do not recommend payment of a dividend for the year ended 30 September 2018 (2017: £nil).

Directors

The directors who served throughout the financial year ended 30 September 2018 and up to the date of this report were as follows:

L E Carr (resigned 20 November 2018)
S J Sergeant (appointed 1 September 2018)
M J White (resigned 31 August 2018)
A R Yapp (appointed 1 September 2018)

Directors' qualifying third party indemnity

A qualifying third party indemnity provision as defined in section 234(2) - (6) of the CA 2006 is and was in full force and effect for the benefit of each of the directors of the Company, both at the date of this Report and throughout the financial year to which this Report relates.

Directors' disclosure of information to auditor

Each of the persons who is a director at the date of approval of this Report confirms that:

- the directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to give its audit opinion
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the CA 2006.

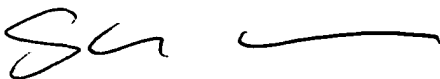
Auditor

In accordance with the provisions of section 485(2) of the CA 2006, the current appointment of KPMG LLP as the Company's auditor will end at the conclusion of the current period for appointing auditors.

On 5 April 2004, the company had passed elective resolutions in accordance with sections 252, 366a and 386 of the Companies Act 1985 (as amended). The effect of which was inter-alia, that the Company had dispensed with the requirement to re-appoint the Company's auditor annually.

KPMG LLP, has advised of its willingness to act as auditor of the Company. The directors will therefore reappoint KPMG LLP to hold office until the end of the next period for appointing auditors under section 485(2) of the CA 2006.

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



S J Sergeant
Director

 2019

Compass Group Finance No.4 Limited
Registered in England and Wales No. 5055135

Compass Group Finance No.4 Limited

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 judgements and estimates that are reasonable, relevant, reliable 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 related 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 enable them to ensure that the financial statements comply with the CA 2006. They have a 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.

On behalf of the Board



S J Sergeant
Director

 2019

Independent Auditor's Report to the Members of Compass Group Finance No.4 Limited

Opinion

We have audited the financial statements of Compass Group Finance No.4 Limited for the year ended 30 September 2018 which comprise:

- the Profit and loss account;
- Balance sheet;
- 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 30 September 2018 and of its loss 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 CA 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.

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 CA 2006.

Independent Auditor's Report to the Members of Compass Group Finance No.4 Limited (continued)

Matters on which we are required to report by exception

Under the CA 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 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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. In addition, the directors are responsible for 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.

Auditor's 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.

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 CA 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.


Zulfikar Walji (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

5/6/15

Compass Group Finance No.4 Limited

Profit and loss account For the year ended 30 September 2018

	Notes	2018 £	2017 £
Interest payable and similar expenses	4	(213)	(146)
Loss before tax		(213)	(146)
Tax charge on loss	5	(211,511)	(217,077)
Loss for the financial year		(211,724)	(217,223)

All amounts in the current and prior year relate to continuing activities.

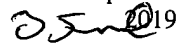
There are no recognised gains or losses for the current year other than those dealt with in the profit and loss account. Accordingly, no separate statement of other comprehensive income has been presented.

Compass Group Finance No.4 Limited

Balance sheet As at 30 September 2018

	Notes	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	6	<u>111,322,267</u>	<u>111,322,267</u>
		111,322,267	111,322,267
Current liabilities			
Creditors: amounts falling due within one year	7	<u>(7,479,823)</u>	<u>(7,268,099)</u>
Net current assets		103,842,444	104,054,168
Creditors: amounts falling due after one year	8	<u>(20,000)</u>	<u>(20,000)</u>
Total assets less total liabilities		<u>103,822,444</u>	<u>104,034,168</u>
Capital and reserves			
Called up share capital	9	55,100	55,100
Share premium		118,937,621	118,937,621
Profit and loss account		<u>(15,170,277)</u>	<u>(14,958,553)</u>
Total shareholders' funds		<u>103,822,444</u>	<u>104,034,168</u>

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under section 414B of the CA2006.

The financial statements of Compass Group Finance No.4 Limited (registered number 05055135) were approved by the Board of Directors  2019.

Signed on behalf of the Board of Directors



S J Sergeant
Director

Compass Group Finance No.4 Limited

Statement of changes in equity For the year ended 30 September 2018

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2016	55,100	118,937,621	(14,741,330)	104,251,391
Loss for the financial year	-	-	(217,223)	(217,223)
At 30 September 2017	55,100	118,937,621	(14,958,553)	104,034,168
At 1 October 2017	55,100	118,937,621	(14,958,553)	104,034,168
Loss for the financial year	-	-	(211,724)	(211,724)
At 30 September 2018	55,100	118,937,621	(15,170,277)	103,822,444

The notes on pages 10 to 14 form part of these financial statements.

Compass Group Finance No.4 Limited

Notes to the accounts For the year ended 30 September 2018

1. Accounting policies

The significant accounting policies adopted in the preparation of the financial statements of the Company are set out below.

Basis of preparation

These financial statements are prepared in accordance with the historical cost convention, *Financial Reporting Standard 101 Reduced Disclosure Framework* (FRS 101), and in accordance with applicable United Kingdom laws. The Company has not prepared consolidated financial statements as it is a wholly-owned subsidiary of Compass Group PLC, a Company registered in the United Kingdom company and the ultimate parent which prepares consolidated financial statements (section 400 CA 2006). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRS), but makes amendments where necessary in order to comply with the CA 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. These financial statements thus present information about the Company as an individual undertaking not as a Group undertaking.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- a cashflow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries; and
- the effect of new but not yet effective IFRS

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

Due to the current economic conditions there are inherent future uncertainties that may impact the business. After making enquiries, the directors have a reasonable expectation that the Company, as part of the Compass Group, has adequate resources to continue in existence for the 12 months from the date of approval of this Report. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency (sterling) at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to sterling at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of the historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are retranslated to the sterling at the foreign exchange rates ruling at the dates that the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Financial assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable, with subsequent measurement as set out below.

Compass Group Finance No.4 Limited

Notes to the accounts

For the year ended 30 September 2018 continued

1. Accounting policies continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions and derecognised when it ceases to be party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within twelve months of the balance sheet date. If not, they are recognised as non-current.

- **Loans and receivables:** these are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.
- **Cash and cash equivalents:** include cash in hand and deposits held on call, together with other short-term highly liquid investments including investments in certain money market funds. Cash equivalents normally comprise instruments with maturities of three months or less at the date of acquisition.

Non-derivative financial assets are stated at amortised cost using the effective interest method, subject to reduction for allowances in recoverable amounts. These estimates for irrecoverable amounts are recognised when there is objective evidence that the full amounts receivable will not be collected according to the original terms of the asset.

Non-derivative financial liabilities are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable as well as unamortised issue costs.

Preference share capital

Preference shares are treated as liabilities in accordance with FRS 25-Financial Investments: Presentation.

Financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Taxation

Current tax is the expected tax payable on the taxable income for the accounting period, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2. Auditor's remuneration

Fees of £1,200 were received by the auditor in respect of the Company's statutory audit for the current and preceding year (2017: £1,200). These fees were borne and not recharged by another Group company. No fees were received by the auditor in respect of any non-statutory audit services in either the current or preceding year.

3. Directors and employees

The directors received no emoluments from the Company during the current year (2017: £nil).

There are no employees of Compass Group Finance No.4 Limited (2017: none).

Compass Group Finance No.4 Limited

Notes to the accounts

For the year ended 30 September 2018 continued

4. Interest payable and similar charges

	2018 £	2017 £
Non-equity dividends on preference shares:		
Preference dividend paid at £0.0106 (2017: £0.0073) per share	213	146
	<u>213</u>	<u>146</u>

5. Tax charge on loss on ordinary activities

	2018 £	2017 £
UK corporation tax at 19.0% (2017: 19.5%)	211,511	217,077
Current tax charge	211,511	217,077
Adjustments in respect of prior years:		
UK corporation tax	-	-
	<u>211,511</u>	<u>217,077</u>

Reconciliation of the tax charge to the tax charge at the UK statutory rate:

	2018 £	2017 £
Loss before tax	213	146
Tax credit on loss before tax at UK statutory rate of 19.0% (2017:19.5%)	(40)	(28)
Increase to charge resulting from:		
Adjustments in respect of prior years	-	-
Non-deductible preference dividend payments	40	28
Transfer pricing adjustment	211,511	217,077
Tax charge on loss	<u>211,511</u>	<u>217,077</u>

The UK corporation tax rate is decreasing from 19% to 17% from 1 April 2020. This will reduce the Company's future current tax charge accordingly.

Compass Group Finance No.4 Limited

Notes to the accounts

For the year ended 30 September 2018 continued

6. Debtors: amounts falling due within one year

	2018 £	2017 £
Amounts owed by ultimate parent company	111,321,687	111,321,687
Interest receivable	580	580
	<u>111,322,267</u>	<u>111,322,267</u>

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to fellow group undertakings	7,262,309	7,050,876
Corporation tax	217,155	217,077
Interest payable	359	146
	<u>7,479,823</u>	<u>7,268,099</u>

8. Creditors: amounts falling due after one year

	2018 £	2017 £
Redeemable non-cumulative 'C' preference shares of £1 each	<u>20,000</u>	<u>20,000</u>

The Preference shares may be redeemed by the Company at any time after the first anniversary of the date of the allotment of the Preference share. The amount payable on redemption will be the amount paid up on it together with all arrears or accruals of its dividend. The dividend is non-cumulative, payable annually in arrears on 30 September and floating rate (being equal to the percentage rate per annum equal to the British Bankers Association Interest Settlement Rate for 12 month Sterling).

On winding up of the Company, the Preference shareholders have a right to receive, in preference to any other shareholder, an amount equal to the aggregate of the capital paid up on each Preference share and a sum equal to any arrears and accruals of the preference dividend payable on such Preference share calculated up to and including the date of commencement of the winding up or the date of the return of the capital.

The Preference shares carry the right to attend and vote at a general meeting of the Company only if at the date of the meeting payment of the dividend is six months or more in arrears, or if a resolution is to be considered at the meeting for winding up the Company or varying or abrogating any of the special rights and privileges attaching to them. If entitled to vote, each Preference shareholder will have one vote for every Preference share held.

Compass Group Finance No.4 Limited

Notes to the accounts

For the year ended 30 September 2018 continued

9. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid:		
35,100 Ordinary 'A' shares of £1 each	35,100	35,100
20,000 Ordinary 'B' shares of £1 each	20,000	20,000
	<u>55,100</u>	<u>55,100</u>

The 'A' and 'B' shares are separate classes of shares but rank pari passu in all respects except:

- i) the total aggregate amount of the Ordinary Shareholders Dividend is divided to the 'A' Ordinary shareholders: 25/26ths and the 'B' Ordinary shareholders: 1/26ths;
- ii) for any final surplus on winding up, the total aggregate amount is divided to the 'A' Ordinary shareholders: 25/26ths and the 'B' Ordinary shareholders: 1/26ths after satisfaction in full of the rights of the 'C' Preference shareholders; and
- iii) A' and 'B' Ordinary shares entitle the holder to one vote per share, but on a poll 'A' Ordinary shareholders and 'B' Ordinary shareholders shall be entitled to ten votes and one vote respectively for every one share held.

10. Ultimate parent company and controlling entity

The ultimate parent company and controlling party, Compass Group PLC, is the parent undertaking of the largest group of undertakings for which Group accounts are drawn up. The immediate parent company is also Compass Group PLC.

Compass Group PLC is incorporated in the United Kingdom and registered in England and Wales.

Copies of the Compass Group PLC financial statements are available from its registered address: Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ and also on the Compass Group PLC website at www.compass-group.com.