

Universal Sodexho Holdings Limited
Directors' report and financial statements
for the year ended 31 August 2003

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Universal Sodexho Holdings Limited
Directors' report and financial statements
for the year ended 31 August 2003
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Universal Sodexho Holdings Limited

Directors' report for the year ended 31 August 2003

The directors present their report and the audited financial statements of the company for the year ended 31 August 2003.

Principal activities

The principal activity of the company is to carry on the business of a parent company.

Review of business, results and dividends

The company made a profit of £969,712 during the year (2002 – £1,089,002) primarily arising from income from investments in group undertakings and interest. The directors recommend distributing a dividend of £225,000 on the ordinary shares (2002 - £1,220,000).

Directors and their interests

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

Lindsay Tocher

Rebecca Sian Herbert Jones

Bruno de Reneville

Nicolas Japy (appointed 29 August 2003)

None of the directors had any beneficial interest in the share capital of the company at the beginning or end of the year. The interests of the directors in the share capital of the ultimate parent company are disclosed in that company's accounts.

Insurance of directors

The company maintains insurance cover for the directors in respect of their duties as directors 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 are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 2003 and that applicable accounting standards have been followed.

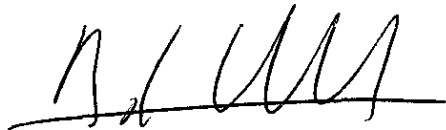
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Universal Sodexho Holdings Limited

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

On behalf of the board

A handwritten signature in black ink, appearing to be 'B de Reneville', written over a horizontal line.

B de Reneville
Director

Universal Sodexho Holdings Limited

Independent auditors' report to the members of Universal Sodexho Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet 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 and only 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 into 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

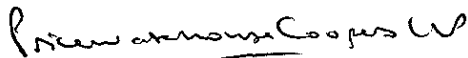
Basis of audit opinion

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 2003 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
Aberdeen

5 March 2004

Universal Sodexho Holdings Limited

Profit and loss account for the year ended 31 August 2003

	Note	2003 £	2002 £
Administrative (expenses)/income		(39,190)	33,264
Operating (loss)/profit	4	(39,190)	33,264
Income from shares in group undertakings		960,000	1,000,000
Profit on ordinary activities before interest and taxation		920,810	1,033,264
Interest payable and similar charges	5	(105,546)	(136,864)
Interest receivable and similar income	6	176,474	235,069
Profit on ordinary activities before taxation		991,738	1,131,469
Taxation on profit on ordinary activities	7	(22,026)	(42,467)
Profit for the financial year		969,712	1,089,002
Dividends	8	(225,000)	(1,220,000)
Amount transferred to/(from) reserves	14	744,712	(130,998)

There are no other recognised gains and losses for the financial year or previous financial year other than those presented above.

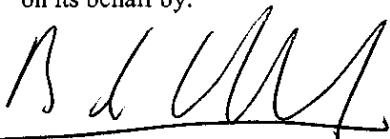
All amounts presented relate to continuing operations.

Universal Sodexho Holdings Limited

Balance sheet as at 31 August 2003

	Note	2003 £	2002 £
Fixed assets			
Investments	9	3,564,591	3,290,756
Current assets			
Debtors (including £1,052,183 (2002 : £2,145,200) due after one year)	10	2,428,106	3,687,514
Cash at hand and in bank		958,887	741,522
		3,386,993	4,429,036
Creditors: Amounts falling due within one year	11	(619,030)	(1,579,767)
Net current assets		2,767,963	2,849,269
Total assets less current liabilities		6,332,554	6,140,025
Creditors: Amounts falling due after more than one year	12	(552,183)	(1,104,366)
Net assets		5,780,371	5,039,659
Capital and reserves			
Called up share capital	13	100,000	100,000
Share premium account	14	4,499,718	4,499,718
Profit and loss account	14	1,180,653	435,941
Total equity shareholder's funds	15	5,780,371	5,035,659

The financial statements on pages 4 to 11 were approved by the board of directors on 5 March 2004 and signed on its behalf by:



B de Reneville
Director

Universal Sodexho Holdings Limited

Notes to the financial statements for the year ended 31 August 2003

1 Accounting policies

Basis of accounting

The accounts are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. 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 in the consolidated financial statements of its ultimate parent, Sodexho Alliance SA, a company incorporated in France.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred corporation tax is provided using the incremental liability approach. Under this approach, deferred taxes represent the right to pay less tax or an obligation to pay more tax in the future as a result of transactions or events that have occurred by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Foreign currencies

Trading activities denominated in foreign currencies are translated at the average rate for the period. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Non-monetary assets are translated at the exchange rate in effect at the date of the transaction. All exchange gains and losses are taken to the profit and loss account.

Investments

Fixed asset investments are shown at cost less provision for any impairment in value.

Cashflow statement and related party disclosures

The company is wholly owned by Sodexho Alliance SA and is included in the cash flows of the consolidated financial statements of Sodexho Alliance SA, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Sodexho Alliance SA.

2 Directors Emoluments

None of the directors received or waived any emoluments from the company in respect of their services.

Universal Sodexho Holdings Limited

3 Employee Numbers

There were no employees during the year (2002 : nil).

4 Operating (loss)/profit

	2003 £	2002 £
Operating (loss)/profit is stated after charging:		
Audit fees	3,525	4,000

5 Interest payable and similar charges

	2003 £	2002 £
Bank loan interest	105,421	136,864
Other interest	125	-
	105,546	136,864

6 Interest receivable and similar income

	2003 £	2002 £
Amounts due from group undertakings	105,421	234,431
Bank loan interest	67,408	-
Other interest	3,645	638
	176,474	235,069

7 Taxation on profit on ordinary activities

	2003 £	2002 £
Current tax:		
UK corporation tax on profits for the period	17,261	39,427
Adjustment in respect of previous periods	4,765	3,040
Total current tax	22,026	42,467

Universal Sodexho Holdings Limited

7 Taxation on profit on ordinary activities (continued)

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

	2003 £	2002 £
Profit on ordinary activities before taxation	991,738	1,131,469
Profit on ordinary activities multiplied by standard rate of corporation tax – 30%	297,521	339,441
Effect of:		
Expenses not deductible for tax purposes (primarily dividend income)	(280,260)	(300,014)
Adjustment to tax charge in respect of earlier periods	4,765	3,040
Current tax charge for period	22,026	42,467

8 Dividends

	2003 £	2002 £
Equity dividends : £2.25 (2002 : £12.20) per £1 share	225,000	1,220,000

9 Investments

	£
At 1 September 2002	3,290,756
Additions	273,835
At 31 August 2003	3,564,591

During the year the company acquired a 33.33% shareholding in Universal Sodexho Eurasia Limited. The investments at 31 August 2003 comprise 100% of the issued share capital of Universal Sodexho Scotland Limited, Universal Sodexho Denmark Limited and Universal Sodexho Norway AS, and 33.33% of Universal Sodexho Eurasia Limited. The companies are registered in Scotland, Scotland, Norway and Scotland respectively and the principal activity of each company is providing catering and facilities management services.

Universal Sodexho Holdings Limited

10 Debtors

	2003	2002
	£	£
Amounts due from bank	1,000,000	1,500,000
Amounts owed by group undertakings	1,428,106	2,187,514
At 31 August 2003	2,428,106	3,687,514

Included within amounts owed by group undertakings is £552,183 which is due after more than one year (2002-£1,145,200). Included within amounts due from bank is £500,000 which is due after more than one year (2002 - £1,000,000).

Amounts due from the bank are repayable to Universal Sodexho Holdings Limited over two years in quarterly instalments. The interest rate applied to the loan is 5.15%.

11 Creditors – Amounts falling due within one year

	2003	2002
	£	£
Bank Loan (note 12)	552,183	593,018
Amounts owed to parent undertakings	943	341,997
Amounts owed to group undertakings	-	600,000
Corporation tax	58,356	36,330
Other creditors	7,548	8,422
At 31 August 2003	619,030	1,579,767

12 Creditors – Amounts falling due after more than one year

	2003	2002
	£	£
Bank Loan	552,183	1,104,366

The bank loan is repayable over two years in quarterly instalments. The interest rate applied to the loan is 7%.

Universal Sodexho Holdings Limited

13 Called up Share Capital

	2003 £	2002 £
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	100,000	100,000
Allotted, issued and paid up:		
100,000 ordinary shares of £1 each	100,000	100,000
	100,000	100,000

14 Profit and Loss Account

	Profit and loss account £	Share Premium account £
At 1 September 2002	435,941	4,499,718
Retained profit for the financial year	744,712	-
At 31 August 2003	1,180,653	4,499,718

Universal Sodexho Holdings Limited

15 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	969,712	1,089,002
Dividends for the year	(225,000)	(1,220,000)
Net addition/(reduction) to shareholders' funds	744,712	(130,998)
Redemption of preference shares	-	(3,200,000)
Shareholders' funds as at 1 September	5,035,659	8,366,657
Shareholders' funds as at 31 August	5,780,371	5,035,659

The entire shareholders funds are attributable to equity interests in the company.

16 Parent company

There is joint ownership of the shares of the company by Sodexho Support Services Limited (55%), a company registered in Scotland and Universal Services (45%), a partnership based in the USA. The ultimate parent company is Sodexho Alliance SA, a company incorporated in France. Copies of that company's consolidated financial statements may be obtained from The Secretary, Sodexho Alliance SA, 3 Avenue Newton, 78180 Montigny-le Bretonneux, France.