COMPASS GROUP INTERNATIONAL B.V.

Registered office: Laarderhoogtweg 11, 1101 DZ Amsterdam

Registration number: 33216017

ANNUAL REPORT 2017

INDEX

DIRECTORS' REPORT

The Board of Directors of Compass Group International B.V. (the "Company") hereby presents its financial statements for the year ended on 30 September 2017.

GENERAL INFORMATION

The Company's business objectives are being a non-trading intermediate holding company and providing financial support to other companies within a group of companies referred to as the "Compass Group". Compass Group PLC, a company incorporated in England and Wales and listed on the London Stock Exchange, is the ultimate parent company of the Compass Group. In undertaking its decisions, the outcome of the decision for the Company as well as the outcome for Compass Group as a whole is taken into account. Until 21 December 2016, the Company was a wholly owned subsidiary of Compass Group International Coöperatief W.A. Following the financial restructuring performed on 21 December 2016, the Company is now a wholly owned subsidiary of Compass Overseas Holdings Ltd and Compass Overseas Holdings No. 2 Ltd, each holding 50% of the Company's share capital.

Being part of the Compass Group, the Company supports its subsidiaries around the world to enable them to focus on their core competence, providing food and support services. The management of each subsidiary is responsible for internal control and risk management within its own business and for ensuring compliance with Compass Group's policies and procedures.

FINANCIAL INFORMATION

In the financial year 2016-2017 the Company was added as an issuer to Compass Group PLC's Euro Medium Term Note programme (the "programme"). The proceeds received by the Company from noteholders under the programme were lent to Compass Group PLC under an inter-company loan stipulating that any interest received from such loan is used by the Company to fund payments due to noteholders. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme. Following inclusion in the programme the Company no longer uses the consolidation exemption which has been in place until the financial year ending 30 September 2016. Therefore, the consolidated figures for the Company in these financial statements are included for the first time covering the Company's underlying subsidiaries, associates and joint ventures (the "Group"). Furthermore, the Company is now subject to listing rules of the London Stock Exchange.

Income statement review

On a consolidated basis, revenue was €7,093 million (2016: €7,206 million). Operating profit was €440 million (2016: €655 million), a decrease of 33% compared to the prior year. This decrease is mainly the result from the Group structural changes which took place in 2016.

Net finance income was €110 million (2016: €13 million). The increase of the net finance income is a result of the financial restructuring that was performed on 21 December 2016, where the interest bearing redeemable preference shares were repaid and new loan funding was obtained in the form of interest free loans from a related party.

Profit before tax was €550 million (2016: €940 million) giving rise to an income tax expense of €112 million (2016: €130 million), equivalent to an effective tax rate of 20% (2016: 14%). The decrease of the profit before tax is resulting from the Group structural changes including the disposal of a Swiss subsidiary (see note 21) which took place in 2016.

Balance sheet review

The Group finances its assets mainly by equity from its shareholders and funds from external bond holders following the programme and funds from other Group undertakings. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk.

€339 million was paid as dividend to the shareholders.

During the financial year, the Group went through a financial restructuring. This resulted in a repayment of the long term interest bearing redeemable preference shares in various currencies to a related party and an increase in the short term loan funding in the form of interest free loans in various currencies from a related party.

In addition, following the programme, the Group received funding from the noteholders. These funds were lent to Compass Group PLC, therefore increasing the long term receivables from related parties.

SIGNIFICANT RISKS AND UNCERTAINTIES

The Company has processes and procedures in place which ensures that the substantial risks of the Company are mitigated. The Board of Directors manage the Company's risks in line with the policies and procedures of Compass Group PLC, the ultimate controlling entity of the Company. As an intermediate holding and financing company the main risks for the Company relate to financial risks as discussed in a separate section of this report.

As part of the annual business cycle, the Board of Directors is requested by Compass Group PLC to participate in a formal risk assessment process on key financial controls. As part of the process the Board of Directors is required to identify and document major risks as well as appropriate mitigating activities and controls and monitors the effectiveness of these controls. The Board of Directors is also required to sign biannual confirmations of compliance with key procedures and report any breakdowns in, or exceptions to, these procedures.

The Compass Group also has formal procedures in place, with clearly designated levels of authority, for approving acquisitions, new investments in participations, disposals and other capital investments to which the Company adheres.

DIRECTORS' REPORT CONTINUED

SIGNIFICANT RISKS AND UNCERTAINTIES CONTINUED

The principal risks and uncertainties facing Compass Group and the subsidiaries of the Company at the date of this Report and the systems and processes the Company has in place to manage and mitigate these risks are as follows:

- Regulatory and political environment: Compass Group is a global company operating in countries and regions with diverse economic and political conditions. The operations and earnings may be adversely affected by political or economic instability. However, the Compass Group remains aware of these risks and looks to mitigate them wherever possible.
- Acquisitions and investments: Potential acquisitions are identified by the operating companies and subject to appropriate levels of due diligence and approval under the group approval manual applicable to Compass Group entities.
- Information technology and infrastructure: The Company relies on a variety of IT systems in order to manage and deliver services and communicate with our customers, suppliers and employees. All IT systems are part of the Compass Group standard IT infrastructure and the Compass Group has appropriate disaster recovery plans in place.
- Business risks: The operating subsidiaries of the Group incur business risks in their day to day operations. The main business risks which are identified and managed by the Compass Group are:
    - Health and safety
    - Clients and consumers
    - People
    - Economic and political environment
    - Compliance and fraud
    - Information systems and technology

  Reference is made to the risk management section of the strategic report of Compass Group PLC which is included in the Annual Report 2017 of Compass Group PLC and made available on the website (www.compass-group.com).

CORPORATE RESPONSIBILITY

The Company adheres to the Compass Group's strategy and approach to corporate responsibility. As part of this approach, the Compass Group improves the business model to reflect more sustainable practices. Corporate Responsibility is a keystone of our commitment to provide the highest quality service to our customers. Across the business the safety of our colleagues and consumers is our number one operational priority and supports our growth strategy, increases trust and helps us attract the best talent. The Compass Group uses various performance indicators to review the countries application of the Compass Group standards. Reference is made to the corporate responsibility section of the strategic report of Compass Group PLC which is included in the Annual Report 2017 of Compass Group PLC and made available on the website (www.compass-group.com).

PERSONNEL-RELATED INFORMATION

The Board of Directors consists of one male and one female director, which results in a male/female ratio above 30%.

RESEARCH AND DEVELOPMENT

While the Group is committed to maintain its highest standard of providing food and support services towards our clients, there were no research and development activities throughout the year.

INFORMATION REGARDING FINANCIAL INSTRUMENTS

The Group continues to manage its interest rate and foreign currency exposure in accordance with the policies set out below. The Group's financial instruments comprise cash, borrowings from external counterparties and Group undertakings, receivables and payables that are used to finance the Group's operations. The Group does not trade in derivative instruments.

Liquidity risk

The Group finances its operations through cash generated by the operating businesses and borrowings from a number of sources including the bank and the public markets as well as borrowing from the Group's related parties and share capital and share premium from its parent companies.

The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it as described above.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign currency risk

The Group's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. Fluctuations in exchange rates have given and will continue to give rise to translation differences. The Group is only partially protected from the impact of such differences through the matching of cash flows to currency borrowings where possible. Notes 11 and 15 of the Financial Statements disclose information on the currencies of receivables and borrowings.

DIRECTORS' REPORT CONTINUED

INFORMATION REGARDING FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

The Group's policy is to ensure that in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy by matching interest rates on borrowings to the interest rate on receivables where possible, allowing for a net positive margin and by borrowing fixed rate where it is beneficial to do so.

Credit risk

The Group's policy is to minimise its exposure to credit risk from the failure of any single financial counterparty by spreading its risk across a portfolio of financial counterparties and related parties. The maximum exposure to credit risk resulting from financial activities is limited to the amounts which are not subject to the guarantee issued by Compass Group PLC relating to the bond note as described above and a security agreement which was signed between Hospitality Holdings Ltd and the Group which, subject to an equity at risk amount of €100 million, ensures that the Group is protected when it is requested to repay the interest free loan funding of €2,046 million from a related party. As security for this protection, the Group has pledged its receivables in so far as related to this loan funding.

The Group's maximum exposure to credit risk resulting from financial activities, without considering these guarantee and security agreements and any netting arrangements, is equal to the carrying value of the Groups financial assets.

Further information on the risks of the Group is included in the notes 12 and 16 of the Financial Statements.

INFORMATION REGARDING SOCIAL ASPECTS OF OPERATING THE BUSINESS

The Compass Group business strategy has resulted in the identification of key issues that materially impact our business and our relationships with stakeholders. The key issues that were identified across the Compass Group are related to health and safety of our employees and customers, integrity across the business and programmes that focus on the improved use of resources.

REMUNERATION OF MANAGING AND SUPERVISORY DIRECTORS

The Board of Directors' remuneration package links corporate and individual performance with an appropriate balance between short- and long-term elements, and fixed and variable components.

INFORMATION CONCERNING APPLICATION OF CODE OF CONDUCT

The Company remains committed to the highest standards of business conduct and expects all of its employees to act accordingly. The Compass Group Speak Up policy (which is an extension of the Code of Ethics, now incorporated within the Compass Group's Code of Business Conduct, which is available on the Compass Group PLC website: www.compass-group.com) sets out arrangements for the receipt, in confidence, of complaints on accounting, risk issues, internal controls, auditing issues and related matters which would, as appropriate, be reported to the Compass Group PLC Audit Committee.

The Compass Group's anti-fraud policies are a subset of the Code of Business Conduct which does not tolerate any activity involving fraud, dishonesty or deception.

FUTURE DEVELOPMENTS

The Board of Directors of the Company does not expect any changes in their personnel structures.

As the Company is an intermediate holding company within the Compass Group, the assets consist principally of their shareholdings in and loans to related parties. The ability to satisfy any liabilities is dependent upon the Company's receipt of dividend and interest payments from its financing activities with related parties. Furthermore, the Company has guarantees in place as noted under the credit risk paragraph above. Although the Group has negative working capital as at 30 September 2017, the Board of Directors do not believe that a significant portion of the loans payable towards related parties will be called upon. Following the guarantees in place, the Board of Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Additional risks and uncertainties not presently known to management, or deemed to be less material at the date of the report, may also have an adverse effect on the Group. These include risks resulting from the UK's decision to leave the EU which could adversely affect the risks noted under the "economic and political environment" section as well as affecting financial risks such as liquidity and credit. Although the risks related to Brexit have been discussed by the Board of Directors, it remains too early to properly understand the impact on the business whilst negotiations continue to take place. The Board of Directors will continue to assess the risk to the business as the Brexit process evolves.

Our expectations for fiscal year 2018 are positive with a continuing commitment to return surplus cash to the shareholders whilst maintaining an efficient balance sheet. There are no plans to change the current financing structure.

DIRECTORS' REPORT CONTINUED

OTHER INFORMATION

We confirm that to the best of our knowledge the Board of 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.

Amsterdam, 21 March 2018

The Board of Directors:

P.N. Frans

H.A.M. Troost-Bosboom

INDEPENDENT AUDITOR'S REPORT

KPMG

To: the General Meeting of Shareholders of Compass Group International B.V.

Report on the audit of the financial statements for the year ended 30 September 2017 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Compass Group International B.V. as at 30 September 2017 and of its result and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the year ended 30 September 2017 of Compass Group International B.V. based in Amsterdam.

The financial statements comprise:

1. the consolidated and parent company balance sheet as at 30 September 2017;
2. the following consolidated and parent company statements for the year ended 30 September 2017: the income statement, the statements of comprehensive income, changes in equity and cash flow statements; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Compass Group International B.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Audit approach

Summary

MATERIALITY
Group financial statements
- Materiality of EUR 62 million
- 0.9 % of Revenue
Parent company financial statements
- Materiality of EUR 44.6 million
- 0.9 % of Total assets

GROUP AUDIT COVERAGE
- 82% of Revenue
- 75% of Profit before tax

KEY AUDIT MATTERS
- Taxation - uncertain direct tax provisions
- Supplier rebates and discounts
- Parent Company financial statements: Valuation of investments and recoverability of intercompany receivables

UNQUALIFIED OPINION

Materiality

Based on our professional judgement we determined the materiality for the group financial statements as a whole at EUR 62 million. The materiality is determined with reference to Revenue of which it represents 0.9%. We consider Revenue as the most appropriate benchmark due to the nature of the operations being partly trading and partly intra group financing entity.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality for the parent company financial statements was set EUR 44.6 million as determined with reference to a benchmark of Total assets of which it represents 0.9%. We consider Total assets as the most appropriate benchmark due to the holding and finance nature of the parent company.

We agreed with the Board of Directors of Compass Group International B.V. that unadjusted misstatements in excess of EUR 3.0 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Scope of the group audit

Compass Group International B.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of Compass Group International B.V.

Of the Group's 80 reporting components, we subjected 20 to full scope audits for Group purposes. These components were selected based on their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. These components were subject to audit of the complete reporting package and accounted for 82% of total Group revenue and 75% of Group profit before tax. The remaining 18% of total Group revenue and 25% of Group profit before tax is represented by 60 reporting components, none of which individually represented more than 2% of total Group revenue or 10% of Group profit before tax. For these residual components, we performed an analysis at an aggregated Group level to corroborate the group engagement team's conclusions that there were no significant risks of material misstatement within these components.

The work on 16 of the 20 components was performed by component auditors and the audit of the parent company and 3 other components was performed by the Group team. The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from EUR 1.0 million to EUR 44.6 million, having regard to the mix of size and risk profile of the Group across the components.

The Group team visited 6 component locations in Australia, Brazil, Chile, Japan, Portugal and UAE to assess the audit risk and strategy.

Video and telephone conference meetings were also held with these component auditors and all others that were not physically visited.

At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors of Compass Group International B.V. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Taxation - uncertain direct tax provisions

Description

The Group has extensive international operations and is subject to complex local and international tax legislation in the normal course of business.

As a result of the complexities of tax rules on transfer pricing and other tax legislation the provisioning for uncertain direct tax positions is judgmental and requires the directors to make judgements and estimates in relation to these uncertainties.

Our response

- **Control design**: Evaluating the design of the controls that the Group has in place to identify and quantify its uncertain direct tax exposures;
- **Our taxation expertise**: Using our tax specialists to analyse and challenge the assumptions used to determine provisions using our knowledge and experience of the application of international and local legislation by the relevant authorities and courts, and assessing whether the approach applied by the Group is supported by custom and practice in the industry;
- **Test of detail:** Examining the calculations prepared by the directors and agreeing assumptions used to underlying data where possible or market developments;
- With the help of our tax specialists, considering the judgements applied to each significant provision including the maximum potential exposure and the likelihood of a payment being required;
- Inspecting correspondence with relevant tax authorities and assessing third party tax advice received to evaluate the conclusions drawn in the advice where relevant to the significant exposures faced by the Group.

Our observation

From the evidence we obtained we found the level of provisioning in respect of uncertain direct tax positions to be acceptable.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Supplier rebates and discounts

Description

The Group has a variety of agreements with suppliers whereby rebates and discounts are earned based on the quantity of goods bought.

The majority of the rebates and discounts due to the Group are based on fixed percentages linked to the quantity of goods bought or are reflected in the net price charged by its suppliers. There is little estimation or judgement involved in determining the timing and amount to be recognized. However, due to the large number of agreements in place across numerous jurisdictions within the Group, the complexity of transaction processing as well as supplier rebate periods frequently not being coterminous with the year-end date, we consider that there is a significant risk of error.

Our response

- **Control design:** Evaluating the design of the controls that the Group has in place over the accounting for supplier rebates and discounts;
- **Accounting application:** Inspecting underlying contractual terms and supplier correspondence for a selection of arrangements in place and considering whether the accounting policy had been applied appropriately to the terms of the rebate and/or discount;
- **Test of details:** Performing detailed testing on a sample basis of the largest rebates and discounts recognized in the period, with particular attention to whether the rebates and discounts were recognized in the correct period and the appropriateness of any rebates and discounts accrued at the period end.
- In addition we selected a sample of amounts invoiced as at the balance sheet date and agreed the underlying calculation to contractual terms and supplier correspondence.

Our observation

The results of our testing were satisfactory and we found the amount of supplier rebates and discounts recognized to be acceptable.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Parent Company financial statements: Valuation of investments and recoverability of intercompany receivables

Description

The carrying amount of the Parent Company's Investments in subsidiaries held at cost less impairment and Intercompany receivables represent 99% of the Parent Company's total assets.

We do not consider the valuation of these investments and recovery of intercompany receivables to be at a high risk of significant misstatement, or to be subject to a significant level of judgement.

However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Parent Company financial statement audit.

Our response

- **Control design:** Evaluating the design of the Parent Company's monitoring controls for assessing of impairment triggers and recoverable amounts of the Investments and Intercompany receivables for recoverability;
- **Test of details**: We performed an assessment of indication of possible impairment of subsidiaries/borrowers (a triggering event) on a sample basis. Upon identification of the triggering event, we challenged the cash flow projections included in the valuation model prepared by directors. Furthermore we critically assessed and tested directors' key assumptions, methodologies, the weighted average cost of capital and other data used by comparing them to external and historical data, such as external market growth expectations. We also assessed if the amount of impairment or reversal is calculated correctly. We included valuation specialists in our team to assist us with these procedures.
- **Our sector experience:** Evaluating assumptions used in the applicable cash flow projections included in the valuation model, in particular those relating to forecast profit growth for the investments using our knowledge and historic experience of the profitability of the underlying trading Group and assessing the directors' assumptions over the recoverability of investments and intercompany receivables against our own knowledge of the trading performance and financial position of the relevant investments and counterparties; and
- **Benchmarking assumptions:** Comparing the assumptions in the applicable cash flow projections included in the valuation model for the investment to externally derived data in relation to weighted average cost of capital and other data used, such as external market growth expectations.

Our observation

We found the assessment of the carrying value of investments and the recoverability of intercompany receivables to be acceptable.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

— the Directors' report;

— the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors of Compass Group International B.V. is responsible for the preparation of the other information, including the Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Compass Group International B.V. on 21 October 2014, as of the audit for the year ended 30 September 2014 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Services rendered

For the period to which our statutory audit relates, in addition to this audit, we have provided the following services to the parent company and its controlled undertakings:

— Assurance procedures respecting prospectuses;
— Audit and assurance of regulatory and contractual financial information such as assurance on statements for rental settlement purposes; and
— Audit and assurance on historical data and other financial information for other purposes, such as dividend declarations and wage statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Description of responsibilities regarding the financial statements

Responsibilities of Board of Directors of Compass Group International B.V. for the financial statements

Board of Directors of Compass Group International B.V. is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors of Compass Group International B.V. is responsible for such internal control as Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors of Compass Group International B.V. is responsible for assessing Compass Group International B.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors of Compass Group International B.V. should prepare the financial statements using the going concern basis of accounting unless the Board of Directors of Compass Group International B.V. either intends to liquidate Compass Group International B.V. or to cease operations, or has no realistic alternative but to do so. The Board of Directors of Compass Group International B.V should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_oob_01. This description forms part of our auditor's report.

Amstelveen, 21 March 2018

KPMG Accountants N.V.

C.A. Bakker RA

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	TOTAL 2017 €M	TOTAL 2016 €M
Revenue	1	**7,093**	7,206
Operating costs	2	**(6,736)**	(6,633)
Operating profit before joint ventures and associates		**357**	573
Share of profit after tax of joint ventures and associates	10	**83**	82
Operating profit		**440**	655
Profit on disposal of businesses		**–**	272
Finance income	4	**175**	172
Finance costs	4	**(65)**	(159)
Net finance income		**110**	13
Profit before tax	5	**550**	940
Income tax expense	5	**(112)**	(130)
Profit for the year		**438**	810
ATTRIBUTABLE TO			
Equity shareholders of the Company		**413**	786
Non-controlling interests		**25**	24
Profit for the year		**438**	810

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	2017 €M	2016 €M
Profit for the year		**438**	810
Other comprehensive income			
Items that are not reclassified subsequently to the income statement			
Re-measurement of post-employment benefit obligations – gain/(loss)	19	**8**	(3)
Return on plan assets, excluding interest income – (loss)/gain	19	–	(2)
Tax on items relating to the components of other comprehensive income	5	**(1)**	–
		7	(5)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(119)**	(26)
Currency recycling on disposal of subsidiaries		–	(44)
		(119)	(70)
Total other comprehensive (loss)/income for the year		**(112)**	(75)
Total comprehensive income for the year		**326**	735
ATTRIBUTABLE TO			
Equity shareholders of the Company		**308**	752
Non-controlling interests		**18**	(17)
Total comprehensive income for the year		**326**	735

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY						
	SHARE CAPITAL €M	SHARE PREMIUM ACCOUNT €M	TRANSLATION RESERVES €M	RETAINED EARNINGS €M	TOTAL BEFORE NON-CONTROLLING INTERESTS €M	NON-CONTROLLING INTERESTS €M	TOTAL EQUITY €M
At 1 October 2016	**5**	**2,024**	**(117)**	**1,527**	**3,439**	**375**	**3,814**
Profit for the year	–	–	–	**413**	**413**	**25**	**438**
Other comprehensive income							
Currency translation differences	–	–	**(112)**	–	**(112)**	**(7)**	**(119)**
Re-measurement of post-employment benefit obligations – gain	–	–	–	**8**	**8**	–	**8**
Tax on items relating to the components of other comprehensive income (note 5)	–	–	–	**(1)**	**(1)**	–	**(1)**
Total other comprehensive	–	–	**(112)**	**7**	**(105)**	**(7)**	**(112)**
Total comprehensive (loss)/income for the year	–	–	**(112)**	**420**	**308**	**18**	**326**
Repayment of share premium to Compass shareholder	–	**(266)**	–	–	**(266)**	–	**(266)**
Capital contribution	–	–	–	**9**	**9**	–	**9**
Other changes	–	–	–	**5**	**5**	–	**5**
	5	**1,758**	**(229)**	**1,961**	**3,495**	**393**	**3,888**
Dividends paid to Compass shareholders (note 6)	–	–	–	**(339)**	**(339)**	–	**(339)**
Dividends paid to non-controlling interests	–	–	–	–	–	**(25)**	**(25)**
At 30 September 2017	**5**	**1,758**	**(229)**	**1,622**	**3,156**	**368**	**3,524**

	ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY						
	SHARE CAPITAL €M	SHARE PREMIUM ACCOUNT €M	TRANSLATION RESERVES €M	RETAINED EARNINGS €M	TOTAL BEFORE NON-CONTROLLING INTERESTS €M	NON-CONTROLLING INTERESTS €M	TOTAL EQUITY €M
At 1 October 2015	5	2,024	(86)	1,351	3,294	491	3,785
Profit for the year	–	–	–	786	786	24	810
Other comprehensive income							
Currency translation differences	–	–	13	2	15	(41)	(26)
Currency recycling on disposal of subsidiaries	–	–	(44)	–	(44)	–	(44)
Re-measurement of post-employment benefit obligations – loss	–	–	–	(3)	(3)	–	(3)
Return on plan assets, excluding interest income – loss	–	–	–	(2)	(2)	–	(2)
Total other comprehensive	–	–	(31)	(3)	(34)	(41)	(75)
Total comprehensive income for the year	–	–	(31)	783	752	(17)	735
Acquisition of non-controlling interests	–	–	–	–	–	296	296
Disposal of non-controlling interests	–	–	–	–	–	(346)	(346)
Other changes	–	–	–	1	1	(1)	–
	5	2,024	(117)	2,135	4,047	423	4,470
Dividends paid to Compass shareholders (note 6)	–	–	–	(608)	(608)	–	(608)
Dividends paid to non-controlling interests	–	–	–	–	–	(48)	(48)
At 30 September 2016	5	2,024	(117)	1,527	3,439	375	3,814

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	2017 €M	2016 €M
NON-CURRENT ASSETS			
Goodwill	7	**841**	890
Other intangible assets	8	**198**	215
Property, plant and equipment	9	**371**	380
Interests in joint ventures and associates	10	**514**	507
Other investments		**5**	4
Receivables from Group undertakings	11	**3,641**	2,871
Trade and other receivables	12	**51**	44
Deferred tax assets*	5	**69**	67
Non-current assets		**5,690**	4,978
CURRENT ASSETS			
Inventories	13	**102**	102
Receivables from Group undertakings	11	**1,390**	1,526
Trade and other receivables	12	**1,025**	1,059
Tax recoverable*		**30**	30
Cash and cash equivalents	14	**261**	210
Current assets		**2,808**	2,927
Total assets		**8,498**	7,905
CURRENT LIABILITIES			
Short term external borrowings	15	**(18)**	(26)
Payables to Group undertakings	11	**(2,214)**	(145)
Provisions	17	**(22)**	(32)
Trade and other payables	18	**(1,347)**	(1,393)
Current tax liabilities*		**(110)**	(97)
Current liabilities		**(3,711)**	(1,693)
NON-CURRENT LIABILITIES			
Post-employment benefit obligations	19	**(42)**	(54)
Long term external borrowings	15	**(746)**	(8)
Payables to Group undertakings	11	**(338)**	(2,196)
Provisions	17	**(40)**	(48)
Trade and other payables	18	**(49)**	(50)
Deferred tax liabilities*	5	**(48)**	(42)
Non-current liabilities		**(1,263)**	(2,398)
Total liabilities		**(4,974)**	(4,091)
Net assets		**3,524**	3,814
EQUITY			
Share capital	20	**5**	5
Share premium account		**1,758**	2,024
Translation reserves		**(229)**	(117)
Retained earnings		**1,622**	1,527
Total equity shareholders' funds		**3,156**	3,439
Non-controlling interests		**368**	375
Total equity		**3,524**	3,814

* Component of current and deferred taxes.

Approved by the Board of Directors on 21 March 2018 and signed on their behalf by

P.N. Frans, Director
H.A.M. Troost-Bosboom, Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	2017 €M	2016 €M
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**456**	691
Interest paid		**(16)**	(18)
Corporate income tax received		**25**	22
Corporate income tax paid	5	**(105)**	(116)
Net cash from operating activities		**360**	579
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associated undertakings[1]		**(11)**	(16)
Proceeds from sale of subsidiary companies and associated undertakings[1]		**19**	–
Purchase of intangible assets	8	**(26)**	(35)
Purchase of property, plant and equipment[2]		**(114)**	(109)
Proceeds from sale of property, plant and equipment/intangible assets		**12**	12
Purchase of other investments		**(1)**	–
Dividends received from joint ventures and associates		**43**	41
Interest received		**157**	159
Net cash used in investing activities		**79**	52
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in external borrowings[3]		**746**	–
Repayment of external borrowings		**(11)**	(34)
Increase in borrowings – related parties		**4,326**	1,791
Repayment of borrowings – related parties		**(5,089)**	(2,321)
Repayment of obligations under finance leases		**(6)**	(4)
Repayment of share premium		**(6)**	–
Equity dividends paid	6	**(320)**	–
Dividends paid to non-controlling interests		**(25)**	(48)
Net cash used in financing activities		**(385)**	(616)
CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents		**54**	15
Cash and cash equivalents at beginning of the year		**210**	191
Currency translation (losses)/gains on cash and cash equivalents		**(3)**	4
Cash and cash equivalents at end of the year	14	**261**	210

[1]Net of cash acquired or disposed and payments received or made under warranties and indemnities.

[2]Includes property, plant and equipment purchased under client commitments.

[3]Includes stamp duty and brokers' commission.

GROUP ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2017

INTRODUCTION
The most significant accounting policies adopted in the preparation of the consolidated Compass Group International B.V.'s (hereafter "Group") financial statements are set out below:

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union that are effective for the financial year ended 30 September 2017. They have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

The financial statements have been prepared on a going concern basis. As the Company is an intermediate holding company within the Compass Group, the assets consist principally of their shareholdings in and loans to related parties. The ability to satisfy any liabilities is dependent upon the Company's receipt of dividend and interest payments from its financing activities with related parties. Although the Group has negative working capital as at 30 September 2017, the Board of Directors do not believe that a significant portion of the loans payable towards related parties will be called upon. Furthermore, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the Compass Group PLC's Euro Medium Term Note programme (the "programme")and an additional security agreement, which was signed between Hospitality Holdings Ltd and the Group which, subject to an equity at risk amount of €100 million, ensures that the Group is protected when it is requested to repay the new loan funding. As security for this protection, the Group has pledged its receivables in so far as related to the new loan funding. Following these guarantees and the expectations that the Group will continue to be supported by the Compass Group, the Board of Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

In the current financial year, the Group has adopted:

Amendments to IAS 1 – Disclosure initiative

Amendments to IAS 16 and 38 – Clarification of acceptable methods of depreciation and amortisation

Amendments to IAS 27 – Equity method in separate financial statements

Amendments to IFRS 11 – Accounting for acquisitions of interests
of joint operations

Annual improvements to IFRS Standards – 2012–2014 Cycle

In addition, there have been other minor improvements to existing IFRS and interpretations that are effective for the first time in the current financial year which have been adopted by the Group with no impact on its consolidated results or financial position.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following accounting standards, interpretations and amendments that are applicable to the Group have been issued by the IASB but had either not been adopted by the European Union or were not yet effective in the European Union at 30 September 2017. The Group is currently analysing the impact these standards would have on its consolidated results and financial position.

IFRS 9 – Financial instruments

IFRS 15 – Revenue from contracts with customers

IFRS 16 – Leases

Amendments to IAS 7 – Disclosure initiative

Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses

Amendments to IFRS 2 – Classification and measurement
of share-based payment transactions

IFRIC 22 – Foreign currency transactions and advance consideration

IFRIC 23 – Uncertainty over income tax treatments

Annual improvements to IFRS Standards 2014–2016 Cycle

Certain new standards, amendments and interpretations of existing standards have been published that, once they have been endorsed by the European Union, will be mandatory for the Group's accounting period beginning on 1 October 2017 or for later periods. The Group has not yet adopted these pronouncements and does not currently believe that the adoption of these standards, amendments or interpretations would have a material effect on the consolidated results or financial position of the Group unless stated otherwise.

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

IFRS 9 'Financial instruments' (which has been endorsed by the European Union) removes the multiple classification and measurement models for financial assets required by IAS 39 and introduces a model that has only two classification categories: amortised cost and fair value. Classification is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those assets. The accounting and presentation for financial liabilities and for derecognising financial instruments is relocated from IAS 39 without any material changes. The Group plans to apply IFRS 9 for the year ended 30 September 2019.

IFRS 9 will impact the classification and measurement of the Group's financial instruments and will require certain additional disclosures. The primary change relates to provisioning for potential future credit losses on financial assets. The Group does not consider it likely that the impact of these changes will have any material impact on the Group's financial statements.

IFRS 15 'Revenue from contracts with customers' (which has been endorsed by the European Union) and subsequent amendments 'Clarifications to IFRS 15'(which has been endorsed by the European Union) set out the requirements for recognising revenue and costs from contracts with customers. The Group has made good progress in training staff and identifying areas of divergence with current practice and, based on this assessment, believes that IFRS 15 will not have a material impact on the timing and recognition of revenue, operating profit margin or net assets. It is anticipated that there will be some impact on the Group as a result of changes in the disclosure of some client contract intangibles, variable payments to, and variable receipts from clients and the accounting for sales commissions. The Group plans to apply IFRS 15 for the year ended 30 September 2019 with a retrospective approach to the restatement of comparatives.

IFRS 16 'Leases' (which has been endorsed by the European Union) will primarily change lease accounting for lessees. A single model will be applied by lessees to all leases with the option not to recognise leases of small value or with terms less than 12 months. It is expected that, as a result of this standard, most operating leases will be included on the balance sheet as an asset, together with the corresponding lease liability. A Group-wide project team has been established and is currently assessing the application of this new standard. More information on leases is included in note 26.

B CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

TAXES

The Group has operations in around 40 countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimates and judgement to reflect a variety of factors; these include the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement.

The changing regulatory environment affecting all multinationals increases the estimation uncertainty associated with calculating the Group's tax position. This is a result of amendments to tax law at the national level, increased co-operation between tax authorities and greater cross border transparency.

The Group estimates and recognises liabilities of whether additional taxes will be due based on management's interpretation of country specific tax law, external advice and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such divergence is determined.

In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made to the extent to which future taxable profits are available against which these temporary differences can be utilised.

GOODWILL

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in section M. The recoverable amounts of cash-generating units (CGU) have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up to date budgets and plans that have been formally approved by management. The key assumptions used for the value in use calculations are set out in note 7 to the consolidated financial statements.

C BASIS OF CONSOLIDATION

The consolidated financial statements consist of the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint arrangements and associates in existence on 30 September each year, or earlier if disposed during the year. Following inclusion in the Compass Group PLC's Euro Medium Term Note programme (the "programme") the Company no longer uses the consolidation exemption which has been in place until the financial year ending 30 September 2016. Therefore, the consolidated figures for the Company in these financial statements are included for the first time covering the Company's underlying subsidiaries, associates and joint ventures

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

D SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

SUBSIDIARIES

Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over the entity to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing control.

ASSOCIATES

Associates are undertakings that are not subsidiaries or joint arrangements over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The consolidated income statement includes the Group's share of the profit after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

JOINT ARRANGEMENTS

Joint arrangements are entities in which the Group holds an interest on a long term basis and which are jointly controlled by the Group and other entities under a contractual agreement. The Group accounts for its own share of assets, liabilities, revenues and expenses measured according to the terms of the agreements covering the joint operations. Joint ventures are accounted for using the equity method.

ADJUSTMENTS

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

ACQUISITIONS AND DISPOSALS

The results of subsidiaries, associates or joint arrangements acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

INTRA-GROUP TRANSACTIONS

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group subsidiary transacts with a joint operation of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant joint operation.

RELATED PARTY TRANSACTIONS

Transaction with related parties are conducted in accordance with agreed transfer pricing policies and include sales to joint ventures and associates.

COMMON CONTROL TRANSACTIONS

For common control transactions the Group has elected the following accounting policy for similar common control transactions. For most similar upstream transactions to related parties above the Compass Group International B.V. level, the Group applies fair value accounting as if it had been carried out in an orderly manner between market participants.

E ACQUISITIONS

The acquisitions of subsidiaries are accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued.

Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at the fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale which are recognised and measured at fair value less costs to sell.

The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

F FOREIGN CURRENCY

The consolidated financial statements are prepared in euro, which is the functional currency of the Company. Amounts are rounded to the nearest € Million

In preparing the financial statements of individual companies within the Group, transactions in currencies other than the companies' functional currency are recorded at the rates of exchange on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates on the balance sheet date. Gains and losses arising on retranslation are included in the consolidated income statement for the period, except for where they arise on items taken directly to other comprehensive income, in which case they are also recognised in the consolidated statement of comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations (expressed in their functional currencies, being the currency of the primary economic environment in which each entity operates) are translated at the exchange rates applicable on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and accounted for in the Group's translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate applicable on the balance sheet date.

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

G REVENUE AND CONTRACT COSTS

Revenue is recognised in the period in which food and support services are provided in accordance with the terms of the contractual relationships with third parties. Revenue represents the fair value of the consideration received or receivable for food and support services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

Where the consideration receivable under client contracts is variable, for example where performance bonuses exist, revenue is recognised when it is virtually certain that applicable thresholds will be met.

Clients engage us to provide our food and support services at their locations. Depending on the type of client and service, we are paid either by our client and/or directly by the consumer to whom we have been provided access by our client. In certain cases, clients engage us to provide food and support services in a single multi service contract. We recognise revenue for each separate performance obligation in respect of food and support services as these are provided. We typically use three types of client contracts.

MANAGEMENT FEE CONTRACTS

Revenue from management fee contracts is based on cost incurred and invoiced to the client together with the agreed management fee. Revenue from management fee contracts is recognised when food and support services are provided.

FIXED PRICE CONTRACTS

Fixed price contracts include both contracts where: a) the client pays a fixed amount for an agreed range of services provided over a fixed period; and b) contracts where revenue is a fixed price per meal but varies depending on volume. Revenue from fixed price contracts is recognised as services are provided based on the time elapsed of the contract.

PROFIT AND LOSS CONTRACTS

Revenue from profit and loss contracts comprises the total of sales made to consumers, typically with little or no reimbursement charged to clients. Under these contracts, the Group has significant discretion to manage pricing and costs. Revenue is recognised when food and support services are provided to consumers and the collection of the revenue is highly probable.

CONTRACT COSTS

Costs incurred during the bidding period and prior to a contract being awarded, are expensed to the income statement. Costs incurred in securing the contract after preferred bidder status has been obtained are generally expensed as incurred, unless they fulfil the conditions for capitalisation as an asset.

Commissions paid to the sales force on winning or retaining client contracts are charged to the income statement as incurred.

As part of client contracts, the Group sometimes makes payments to clients, such as concession rentals, vending commissions and profit share. These payments are accounted for as operating costs when incurred.

H REBATES AND OTHER AMOUNTS RECEIVED FROM SUPPLIERS

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume related rebates.

Income from value and volume related rebates are recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period.

Rebates received in respect of plant and equipment are deducted from the costs capitalised and are recognised in the consolidated income statement in line with depreciation.

Agreed discounts relating to inventories are credited to the income statement within cost of sales as the goods are consumed.

Rebates relating to items purchased, but still held at the balance sheet date, are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

I BORROWING COSTS

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

J OPERATING PROFIT

Operating profit is stated after the share of profit after tax of joint ventures and associates, and before finance costs.

K DIVIDEND PAYMENT POLICY

The Group pays dividends towards its shareholders, adjusting its freely distributable reserves on a Company level for any risks and outstanding guarantees that the Board of Directors deem appropriate, without compromising on the Group's ability to continue as a going concern.

L NON-CONTROLLING INTERESTS

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

M TAX

Income tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement except where it relates to items taken directly to the consolidated statement of comprehensive income or equity, in which case it is recognised in the consolidated statement of comprehensive income or equity as appropriate.

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

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

N INTANGIBLE ASSETS

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary, associate or joint arrangement at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to CGUs for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business and relates to the total business for a country.

If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is immediately recognised in the consolidated income statement and an impairment loss recognised for goodwill is not subsequently reversed.

On disposal, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are capitalised at cost or, if acquired as part of a business combination, are capitalised at fair value as at the date of the acquisition. Amortisation is charged on a straight line basis over the expected useful lives of the assets. Internally generated intangible assets are not capitalised. Intangible assets are reviewed for impairment annually.

The following rates applied for the Group:

Client contract related intangible assets: the life of the contract

Computer software: 20% to 33% per annum

The typical life of contract related intangibles is 2 to 20 years.

Client contracts related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract, including the renewal period where appropriate.

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

O PROPERTY, PLANT AND EQUIPMENT

All tangible fixed assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. Freehold land is not depreciated. All other property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is provided on a straight line basis over the anticipated useful lives of the assets.

The following rates applied for the Group:

- Freehold buildings and long term leasehold property: 2% per annum
- Short term leasehold property: the life of the lease
- Plant and machinery: 8% to 33% per annum
- Fixtures and fittings: 8% to 33% per annum

When assets are sold, the difference between sales proceeds and the carrying amount of the assets is accounted for in the consolidated income statement.

P ASSETS HELD FOR SALE

Non-current assets and groups held for disposal are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification. These assets are measured at the lower of carrying value and fair value less costs to sell.

Q INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using either the weighted average price or the first in, first out method as appropriate to the circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

R FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities denominated in foreign currencies are translated into euro at the exchange rate prevailing at balance sheet date. Gains and losses are accounted for in the consolidated income statement. The Group does not trade in derivative instruments.

INVESTMENTS

The Group's available for sale investments are measured at fair value or, where fair value cannot be reliably measured, at cost less impairment. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

BORROWINGS

Borrowings are recognised initially at the proceeds received, net of direct issue costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of direct issue costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method, unless included in a fair value hedge The Group does not currently have any fair value hedge treatments. Borrowings include those with related parties of the Compass Group.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

S LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated income statement.

Payments made under operating leases are charged to income on a straight line basis over the period of the lease. Any incentives to enter into an operating lease are also spread on a straight line basis over the lease term.

T PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material.

GROUP ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

U EMPLOYEE BENEFITS

PENSION OBLIGATIONS

The Group operates two types of pension plans:

- defined contribution plans where the Group makes contributions to a member's pension plan but has no further payment obligations once the contributions have been paid
- defined benefit plans which provide pension payments upon retirement to members as defined by the plan rules

For defined contribution plans, the Group pays contributions to separately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in current service cost in the consolidated income statement when they are due. Payments made to state managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

For defined benefit plans, the calculation of the defined benefit obligation is performed at least once a year by a qualified actuary using the projected unit credit method. The consolidated balance sheet reflects a net asset or net liability for each defined benefit pension plan. The liability recognised is the present value of the defined benefit obligation discounted using the yields on high quality corporate bonds less the fair value of plan assets (at bid price), if any. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Group considers that it has an unconditional right to a refund.

Net interest income (if a plan is in surplus) or interest expense (if a plan is in deficit) is calculated using yields on high quality corporate bonds and recognised in the consolidated income statement. A current service cost is also recognised which represents the expected present value of the defined benefit pension entitlement earned by members in the period.

Re-measurements, which include gains and losses as a result of changes in actuarial assumptions, the effect of the limit on the plan surplus (if any) and returns on plan assets (other than amounts included in net interest) are recognised in the consolidated statement of comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

OTHER POST EMPLOYMENT OBLIGATIONS

Some Group companies provide other post-employment benefits. The expected costs of these benefits are accrued over the period of employment using a similar basis to that used for defined benefit pension schemes. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

HOLIDAY PAY

Paid holidays and similar entitlements are regarded as an employee benefit and are charged to the consolidated income statement as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not taken.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 SEGMENTAL REPORTING

The Company's chief operating decision maker (CODM) is its Board of Directors. The Board of Directors is the group of individuals that is responsible for the allocation of resources, assessing the performance of the entity and deciding on the allocation of resources and funding to maximise dividend and interest income.

The CODM does not review financial information on an operational country specific or business sector specific basis. The Compass Group financial information overall is taken into account and this information is used to make decisions about resources to be allocated and how the Company's operations should be conducted.

It is therefore management judgement that the Company comprises a single operating and reportable segment engaged in the supply of food and support services, brand licensing, taxation, investing and financing activities.

This is consistent with how the financial information is viewed for the purposes of evaluating performance, allocating resources, and planning and forecasting future periods and how the operations are managed by the CODM, being the Board of Directors.

GEOGRAPHICAL INFORMATION – REVENUES

Revenues (based on the geographic location from which the sale originated):

YEAR ENDED 30 SEPTEMBER	**2017 €M**	2016 €M
Netherlands	**252**	265
Rest of the World	**6,841**	6,941
Total	**7,093**	7,206

GEOGRAPHICAL INFORMATION – NET PROFIT

Net profit (based on the geographic location from which the sale originated):

YEAR ENDED 30 SEPTEMBER	**2017 €M**	2016 €M
Netherlands	**111**	113
Rest of the World	**327**	697
Total	**438**	810

GEOGRAPHICAL INFORMATION – NON-CURRENT ASSETS

Long-lived assets comprise all non-current assets (excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) based on their geographic location:

YEAR ENDED 30 SEPTEMBER	**2017 €M**	2016 €M
Netherlands	**83**	86
Rest of the World	**5,607**	4,892
Total	**5,690**	4,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

2 OPERATING COSTS

OPERATING COSTS	2017 €M	2016 €M
COST OF FOOD AND MATERIALS:		
Cost of inventories consumed	**2,229**	2,261
LABOUR COSTS:		
Employee remuneration (note 3)	**3,340**	3,441
OVERHEADS:		
Commissions and fees paid to clients	**115**	106
Depreciation – owned property, plant and equipment	**93**	86
Depreciation – leased property, plant and equipment	**2**	3
Amortisation – owned intangible assets	**25**	25
Amortisation – intangible assets arising on acquisition	**10**	10
Property lease rentals	**53**	47
Other occupancy rentals – minimum guaranteed rent	**53**	53
Other occupancy rentals – rent in excess of minimum guaranteed rent	**9**	12
Other asset rentals	**29**	28
Other expenses	**778**	561
Total	**6,736**	6,633

3 EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2017 NUMBER	2016 NUMBER
Netherlands	**4,448**	4,549
Rest of the World	**199,329**	187,267
Total	**203,777**	191,816

AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS	2017 €M	2016 €M
Wages and salaries	**2,861**	2,954
Social security costs	**395**	398
Pension costs – defined contribution plans	**82**	88
Pension costs – defined benefit plans	**2**	1
Total	**3,340**	3,441

In addition to the pension cost shown in operating costs above, there is a pensions-related net charge within finance costs of €1 million (2016: €1 million).

The remuneration of directors and key management personnel[1] is set out below.

REMUNERATION OF KEY MANGEMENT PERSONNEL	2017 €M	2016 €M
Salaries	**0.4**	0.4
Other short term employee remuneration	**0.0**	0.0
Pension salary supplement	**0.1**	0.1
Total	**0.5**	0.5

[1]Key management personnel is defined as the Board of Directors during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 FINANCE INCOME, COSTS AND OTHER FINANCING ITEMS

Finance income and costs are recognised in the income statement in the period in which they are earned or incurred.

FINANCE INCOME AND COSTS	2017 €M	2016 €M
FINANCE INCOME		
Bank interest	**3**	3
Interest from Group undertakings	**172**	169
Total	**175**	172
FINANCE COSTS		
Interest on bank loans and overdrafts	**3**	7
Interest on other loans	**9**	6
Interest paid to Group undertakings	**51**	144
Finance lease interest	–	1
Interest on bank loans, overdrafts, other loans and finance leases	**63**	158
Unwinding of discount on provisions	**1**	–
Interest on net post-employment benefit obligations (note 19)	**1**	1
Total	**65**	159
ANALYSIS OF FINANCE COSTS BY DEFINED IAS 39[1] CATEGORY		
Interest on bank loans, overdrafts, other loans and finance leases	**63**	158
Fair value through profit or loss (unwinding of discount on provisions)	**1**	–
Outside of the scope of IAS 39 (net pension scheme charge)	**1**	1
Total	**65**	159

[1]IAS 39 'Financial instruments: recognition and measurement'.

5 TAX

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE	2017 €M	2016 €M
CURRENT TAX		
Current year	**134**	129
Adjustment in respect of prior years	**(25)**	(9)
Current tax expense	**109**	120
DEFERRED TAX		
Current year	**(2)**	10
Impact of changes in statutory tax rates	–	1
Adjustment in respect of prior years	**5**	(1)
Deferred tax expense	**3**	10
TOTAL INCOME TAX		
Income tax expense	**112**	130

The income tax expense for the year is based on the effective Netherlands statutory rate of corporation tax for the period of 25% (2016: 25%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5 TAX CONTINUED

	2017 €M	2016 €M
Profit before tax	**550**	940
Notional income tax expense at the effective Netherlands statutory rate of 25% (2016: 25%) on profit before tax	**138**	235
Effect of different tax rates of subsidiaries operating in other jurisdictions	**21**	35
Impact of changes in statutory tax rates	–	1
Permanent differences	**(8)**	(120)
Tax on profit of associates and equity accounted joint ventures	**(16)**	(15)
Losses and other temporary differences not previously recognised	**(4)**	3
Unrecognised current year tax losses	**1**	1
Prior year items	**(20)**	(10)
Income tax expense	**112**	130

The permanent differences arising in the current year are substantially lower as a result of Group structural changes including the disposal of a Swiss subsidiary (see note 21).

The global nature of the Group's operations gives rise to several factors which could affect the future tax rate. These include the mix of profits, changes to statutory tax rates or tax legislation and the foreign exchange rates applicable when those profits are translated into euro. In addition, the future tax charge could be affected by the impact of acquisitions, disposals or other restructurings and the resolution of open issues with tax authorities.

The Group has various ongoing routine tax audits and in addition a number of open tax returns which may become subject to audit by tax authorities in the territories in which we operate. The Group has recognised potential liabilities in respect of uncertain tax positions as described in section B of the Group accounting policies, none of which is individually material. In determining such liabilities, having regard to the specific circumstances of each tax position and external advice where appropriate, the Group assesses the range of potential outcomes and estimates whether additional tax may be due.

Tax uncertainties and associated risks are increasing for all multinational groups as a consequence of changes to local and international tax rules, for example the OECD's Base Erosion & Profit Shifting project. In these circumstances tax risk can arise from unclear regulations and differences in interpretation, but most significantly where tax authorities apply diverging standards in assessing intra-group cross-border transactions.

The Group does not currently anticipate any material changes to the amounts recorded in respect of these liabilities as at 30 September 2017.

TAX (CHARGED)/CREDITED TO OTHER COMPREHENSIVE INCOME	2017 €M	2016 €M
Current and deferred tax (charge)/credit on actuarial and other movements on post-employment benefits	**(1)**	–
Current and deferred tax charge on foreign exchange movements	–	–
Tax (charges)/credits on items recognised in other comprehensive income	**(1)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5 TAX CONTINUED

MOVEMENT IN NET DEFERRED TAX ASSET/(LIABILITY)	TAX DEPRECIATION €M	INTANGIBLES €M	PENSIONS AND POST EMPLOYMENT BENEFITS €M	TAX LOSSES €M	NET SHORT TERM TEMPORARY DIFFERENCES €M	TOTAL €M
At 1 October 2015	2	(55)	8	18	76	49
(Charge)/credit to income	–	(1)	1	(1)	(9)	(10)
Charge to equity/other comprehensive income	–	–	1	–	–	1
Business acquisitions	–	(9)	–	–	–	(9)
Other movements	–	–	–	–	(8)	(8)
Exchange adjustment	–	(5)	1	(1)	7	2
At 30 September 2016	2	(70)	11	16	66	25
(Charge)/credit to income	–	**(1)**	–	**(1)**	**(1)**	**(3)**
Credit to equity/other comprehensive income	–	–	**(1)**	–	–	**(1)**
Business acquisitions	–	–	–	–	–	–
Other movements	**(1)**	**1**	–	**1**	–	**1**
Exchange adjustment	–	–	–	–	**(1)**	**(1)**
At 30 September 2017	**1**	**(70)**	**10**	**16**	**64**	**21**

Net short term temporary differences relate principally to provisions and other liabilities of overseas subsidiaries.

After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

NET DEFERRED TAX BALANCE	2017 €M	2016 €M
Deferred tax assets	**69**	67
Deferred tax liabilities	**(48)**	(42)
Net deferred tax asset	**21**	25

Deferred tax assets have not been recognised in respect of tax losses of €60 million (2016: €112 million) and other temporary differences of €25 million (2016: €17 million). Of the total tax losses, €50 million (2016: €106 million) will expire at various dates between 2018 and 2022. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

The Group does not recognise any deferred tax liability on temporary differences relating to potentially taxable unremitted earnings of overseas subsidiaries totalling €339 million (2016: €297 million) because it is able to control the timing of reversal of these differences. It is probable that no reversal will take place in the foreseeable future.

6 DIVIDENDS

The following dividends were declared and paid by the Company:

DIVIDENDS ON ORDINARY SHARES	2017 €M	2016 €M
Total	**339**	608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

7 GOODWILL

During the year the Group made a number of acquisitions. See note 21 for more details.

GOODWILL	€M
COST	
At 1 October 2015	890
Additions	16
Currency adjustment	66
At 30 September 2016	972
Additions	**5**
Disposals	**(17)**
Currency adjustment	**(42)**
At 30 September 2017	**918**
IMPAIRMENT	
At 1 October 2015	76
Currency adjustment	6
At 30 September 2016	82
Currency adjustment	**(5)**
At 30 September 2017	77
BOOK VALUE	
At 30 September 2016	890
At 30 September 2017	**841**

GOODWILL BY CASH GENERATING UNIT (CGU)	**2017 €M**	2016 €M
Canada	**169**	181
Japan	**170**	198
Total Rest of World	**502**	511
Total	**841**	890

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are long-term growth rates and pre-tax discount rates and use cash flow forecasts derived from the most recent financial budgets and forecasts approved by management covering a five year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both new business and like for like growth and taking into consideration external economic factors. Cash flows beyond the five year period are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long term average growth rate for that country. The pre-tax discount rates are based on the Group's weighted average cost of capital adjusted for specific risks relating to the country in which the CGU operates.

GROWTH AND DISCOUNT RATES	**2017**		2016	
	RESIDUAL GROWTH RATES	**PRE-TAX DISCOUNT RATES**	RESIDUAL GROWTH RATES	PRE-TAX DISCOUNT RATES
Canada	**1.7%**	**8.7%**	1.8%	9.0%
Japan	**0.8%**	**8.8%**	0.8%	9.0%
Rest of World	**1.2–15.6%**	**7.5–26.6%**	1.2–12.6%	7.5–19.7%

Given the current economic climate, a sensitivity analysis has been performed in assessing recoverable amounts of goodwill for all CGUs. This has been based on changes in key assumptions considered to be reasonably possible by management. The directors do not consider that any reasonably possible changes in the key assumptions would cause the value in use of the net operating assets of the individually significant CGUs disclosed above to fall below their carrying values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS	COMPUTER SOFTWARE €M	CLIENT CONTRACT AND OTHER INTANGIBLES: ARISING ON ACQUISITION [1] €M	OTHER[2] €M	TOTAL €M
COST				
At 1 October 2015	92	162	131	385
Additions	13	–	22	35
Disposals	(6)	(3)	(3)	(12)
Business acquisitions	–	5	–	5
Reclassified	2	–	(5)	(3)
Currency adjustment	7	11	–	18
At 30 September 2016	108	175	145	428
Additions	**13**	–	**13**	**26**
Disposals	**(6)**	**(3)**	**(9)**	**(18)**
Business acquisitions	–	**4**	–	**4**
Business disposals	–	**(5)**	–	**(5)**
Reclassified	**(1)**	–	**(7)**	**(8)**
Currency adjustment	**(4)**	**(3)**	–	**(7)**
At 30 September 2017	**110**	**168**	**142**	**420**
AMORTISATION				
At 1 October 2015	59	44	81	184
Charge for the year	10	10	15	35
Disposals	(5)	(3)	(2)	(10)
Reclassified	–	–	(3)	(3)
Currency adjustment	3	4	–	7
At 30 September 2016	67	55	91	213
Charge for the year	**11**	**10**	**14**	**35**
Disposals	**(6)**	**(3)**	**(7)**	**(16)**
Business disposals	–	**(1)**	–	**(1)**
Reclassified	–	–	**(4)**	**(4)**
Currency adjustment	**(2)**	**(3)**	–	**(5)**
At 30 September 2017	**70**	**58**	**94**	**222**
NET BOOK VALUE				
At 30 September 2016	41	120	54	215
At 30 September 2017	**40**	**110**	**48**	**198**

[1]The intangible assets arising on acquisition are all client contract related.

[2]Client contract related intangible assets, other than those arising on acquisition, generally arise when the Group funds equipment for clients which is subsequently used in the fulfilment of the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS €M	PLANT AND MACHINERY €M	FIXTURES AND FITTINGS €M	TOTAL €M
COST				
At 1 October 2015	218	410	280	908
Additions[1]	5	55	41	101
Disposals	(7)	(37)	(19)	(63)
Business disposals – other activities	–	–	–	–
Business acquisitions	–	–	–	–
Reclassified	–	8	(4)	4
Currency adjustment	18	12	14	44
At 30 September 2016	234	448	312	994
Additions[1]	**4**	**56**	**49**	**109**
Disposals	**(7)**	**(47)**	**(32)**	**(86)**
Business disposals – other activities	–	**(14)**	**(1)**	**(15)**
Business acquisitions	–	**1**	–	**1**
Reclassified	**4**	**(2)**	**4**	**6**
Currency adjustment	**(9)**	**(8)**	**(9)**	**(26)**
At 30 September 2017	**226**	**434**	**323**	**983**
DEPRECIATION				
At 1 October 2015	96	273	184	553
Charge for the year	13	49	27	89
Disposals	(6)	(31)	(16)	(53)
Business disposals – other activities	–	–	–	–
Reclassified	–	8	(3)	5
Currency adjustment	7	5	8	20
At 30 September 2016	110	304	200	614
Charge for the year	**14**	**50**	**31**	**95**
Disposals	**(5)**	**(43)**	**(28)**	**(76)**
Business disposals – other activities	–	**(7)**	**(1)**	**(8)**
Reclassified	**4**	–	**1**	**5**
Currency adjustment	**(7)**	**(6)**	**(5)**	**(18)**
At 30 September 2017	**116**	**298**	**198**	**612**
NET BOOK VALUE				
At 30 September 2016	124	144	112	380
At 30 September 2017	**110**	**136**	**125**	**371**

The net book value of the Group's property, plant and equipment includes assets held under finance leases as follows:

PROPERTY, PLANT AND EQUIPMENT HELD UNDER FINANCE LEASES	LAND AND BUILDINGS €M	PLANT AND MACHINERY[1] €M	FIXTURES AND FITTINGS €M	TOTAL €M
At 30 September 2016	2	4	–	6
At 30 September 2017	**1**	**3**	–	**4**

[1]Includes leased assets at a net book value of €1 million (2016: €2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 INTERESTS IN JOINT VENTURES AND ASSOCIATES

Significant interests in joint ventures are:

JOINT VENTURES		2017 OWNERSHIP	2016 OWNERSHIP
ADNH-Compass Middle East LLC[1]	United Arab Emirates	**50%**	50%
Levy Restaurant Limited Partnership[2]	United States of America	**49%**	49%

[1] % ownership is of the ordinary share capital and is held directly by Parent company

[2] % ownership is of Class A common units and is held indirectly via one of the Group's subsidiaries.

The Group does not have any significant interests in associates.

All joint ventures provide food and/or support services in their respective countries of incorporation and draw up their accounts as at 30 September.

These investments are structured through separate vehicles and the Group has a residual interest in their respective net assets. Accordingly, the Group has classified its interests as joint ventures which are equity accounted. The tables below reconcile the summarised financial information to the carrying amount of the Group's interests in its associates and joint ventures.

INTERESTS IN JOINT VENTURES AND ASSOCIATES	2017 €M	2016 €M
NET BOOK VALUE		
At 1 October	**507**	481
Additions	**–**	2
Share of profits less losses (net of tax)	**83**	82
Dividends declared	**(52)**	(51)
Currency and other adjustments	**(24)**	(7)
At 30 September	**514**	507
COMPRISED OF		
Interests in associates	**3**	2
Interests in joint ventures	**511**	505
Total	**514**	507

The Group's share of revenues and profits is included below:

ASSOCIATES AND JOINT VENTURES	2017 ASSOCIATES €M	2017 JOINT VENTURES €M	2017 TOTAL €M	2016 ASSOCIATES €M	2016 JOINT VENTURES €M	2016 TOTAL €M
SHARE OF REVENUE AND PROFITS						
Revenue[1]	**7**	**1,024**	**1,031**	7	975	982
Expenses/taxation[1,2]	**(6)**	**(942)**	**(948)**	(6)	(894)	(900)
Profit after tax for the year	**1**	**82**	**83**	1	81	82
SHARE OF NET ASSETS						
Non-current assets[1]	**–**	**351**	**351**	–	393	393
Current assets	**7**	**350**	**357**	6	350	356
Non-current liabilities	**–**	**(19)**	**(19)**	–	(21)	(21)
Current liabilities	**(4)**	**(171)**	**(175)**	(4)	(217)	(221)
Net assets[2]	**3**	**511**	**514**	2	505	507
SHARE OF CONTINGENT LIABILITIES						
Contingent liabilities	**–**	**(36)**	**(36)**	–	(32)	(32)

[1] The Group's share of revenue from Levy Restaurant Limited Partnership was €716 million (2016: €657 million). Its share of profit was €55 million (2016: €53 million) and its share of non-current assets was €245 million (2016: €285 million).

[2] Expenses include the relevant portion of income tax recorded by associates and joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11 RELATED PARTY BALANCES AND TRANSACTIONS

The following balances and transactions were carried out with related parties of Compass Group PLC which are not part of the Group:

30 SEPTEMBER 2017	RECEIVABLES CURRENT €M	NON CURRENT €M	TOTAL €M	PAYABLES CURRENT €M	NON CURRENT €M	TOTAL €M
GROUP UNDERTAKINGS						
Loans[1]	**442**	**3,620**	**4,062**	**(2,154)**	**(338)**	**(2,492)**
Deposits[1]	**881**	–	**881**	–	–	–
Trading accounts[1]	**64**	–	**64**	**(59)**	–	**(59)**
Accrued interest	**3**	**21**	**24**	**(1)**	–	**(1)**
	1,390	**3,641**	**5,031**	**(2,214)**	**(338)**	**(2,552)**

[1] Categorised as 'other financial liabilities'(IAS39)

30 SEPTEMBER 2016	RECEIVABLES CURRENT €M	NON CURRENT €M	TOTAL €M	PAYABLES CURRENT €M	NON CURRENT €M	TOTAL €M
GROUP UNDERTAKINGS						
Loans[1]	560	2,864	3,424	(96)	(2,196)	(2,292)
Deposits[1]	911	–	911	(8)	–	(8)
Trading accounts[1]	53	–	53	(38)	–	(38)
Accrued interest	2	7	9	(3)	–	(3)
	1,526	2,871	4,397	(145)	(2,196)	(2,341)

[1] Categorised as 'other financial liabilities'(IAS39)

MATURITY PROFILE OF GROUP UNDERTAKINGS (EXCLUDING ACCRUED INTEREST)	RECEIVABLES 2017 €M	2016 €M	PAYABLES 2017 €M	2016 €M
Within 1 year, or on demand	**1,387**	1,524	**(2,213)**	(142)
Between 1 and 2 years	**340**	–	–	–
Between 2 and 3 years	**13**	358	–	(356)
Between 3 and 4 years	**1,527**	12	–	(7)
Between 4 and 5 years	**403**	1,585	**(338)**	(910)
In more than 5 years	**1,337**	909	–	(923)
	5,007	4,388	**(2,551)**	(2,338)

The carrying value of a significant amount of the Group's undertakings receivables and payables approximate to their fair values due to either the short term nature of the balances or being repayable upon demand. This includes all deposits, trading accounts and the majority of the loans. However, a small number of loans receivable and payable are not repayable on demand with various maturity dates. For such loans, the fair value of the Group's undertakings receivables and payables is calculated by discounting future cash flows to net present values at current market rates for similar financial instruments. The fair values have been determined by reference to Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurements'. The table below shows the fair values calculated excluding accrued interest.

30 SEPTEMBER 2017 CARRYING VALUE AND FAIR VALUE OF GROUP UNDERTAKINGS	RECEIVABLES CARRYING VALUE €M	FAIR VALUE €M	PAYABLES CARRYING VALUE €M	FAIR VALUE €M
Loans	**4,062**	**4,229**	**(2,492)**	**(2,529)**
Deposits	**881**	**881**	–	–
Trading accounts	**64**	**64**	**(59)**	**(59)**
	5,007	**5,174**	**(2,551)**	**(2,588)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11 RELATED PARTY BALANCES AND TRANSACTIONS CONTINUED

30 SEPTEMBER 2016	RECEIVABLES		PAYABLES	
CARRYING VALUE AND FAIR VALUE OF GROUP UNDERTAKINGS	CARRYING VALUE €M	FAIR VALUE €M	CARRYING VALUE €M	FAIR VALUE €M
Loans	3,424	3,425	(2,292)	(2,433)
Deposits	911	911	(8)	(8)
Trading accounts	53	53	(38)	(38)
	4,388	4,389	(2,338)	(2,479)

RECEIVABLES FROM GROUP UNDERTAKINGS ANALYSED BY CURRENCY	REDEEMABLE	INTEREST	2017 CARRYING VALUE €M	2016 CARRYING VALUE €M
FIXED RATES OF INTEREST				
Euro	2017-2047	0% - 1.97%	**897**	156
Australian Dollar	2017	0% - 4.6%	**–**	1
US Dollar	2017-2023	0% - 7.3%	**1,695**	1,783
Sterling	None	None	**–**	–
Other	Various	Various	**421**	384
			3,013	2,324
FLOATING RATES OF INTEREST				
Euro	2017	0%	**866**	960
Australian Dollar	2017	1.7%	**85**	89
US Dollar	2017-2021	0% - 1.3%	**99**	11
Sterling	2017-2021	0% - 2%	**684**	697
Other	Various	Various	**260**	307
			1,994	2,064
TOTAL BY CURRENCY				
Euro			**1,763**	1,116
Australian Dollar			**85**	90
US Dollar			**1,794**	1,794
Sterling			**684**	697
Other			**681**	691
			5,007	4,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11 RELATED PARTY BALANCES AND TRANSACTIONS CONTINUED

PAYABLES TO GROUP UNDERTAKINGS ANALYSED BY CURRENCY	REDEEMABLE	INTEREST	**2017 CARRYING VALUE €M**	2016 CARRYING VALUE €M
FIXED RATES OF INTEREST				
Euro	2017	0%	**(281)**	(16)
Australian Dollar	2017	0%	**(40)**	(41)
US Dollar	2017	0%	**(1,701)**	(1,787)
Sterling	2017	0%	**(3)**	–
Other	Various	Various	**(418)**	(349)
			(2,443)	(2,193)
FLOATING RATES OF INTEREST				
Euro	2019-2023	0%	**(78)**	(79)
Australian Dollar	None	None	**–**	–
US Dollar	2019	2.6%	**(29)**	–
Sterling	None	None	**–**	–
Other	Various	Various	**(1)**	(66)
			(108)	(145)
TOTAL BY CURRENCY				
Euro			**(359)**	(95)
Australian Dollar			**(40)**	(41)
US Dollar			**(1,730)**	(1,787)
Sterling			**(3)**	–
Other			**(419)**	(415)
			(2,551)	(2,338)

Accrued interest income and costs with Group undertakings are disclosed in note 4. There are no other transactions with Compass Group PLC subsidiaries that are not part of the Group. There were no significant impairments in the current or prior years.

SUBSIDIARIES

Transactions between the Company and its subsidiaries, as well as those between the Group's subsidiaries, have been eliminated on consolidation.

JOINT VENTURES

There were no significant balances or transactions between joint ventures or joint venture partners and the rest of the Group during the year.

ASSOCIATES

There were no significant balances or transactions with associated undertakings during the year.

KEY MANAGEMENT PERSONNEL

The remuneration of directors and key management personnel is set out in note 3. During the year there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

AGREEMENT

A security agreement, which was signed between Hospitality Holdings Ltd and the Group which, subject to an equity at risk amount of €100 million, ensures that the Group is protected when it is requested to repay interest free loan funding of €2,046 million from a related party. As security for this protection, the Group has pledged its receivables in so far as related to this loan funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	2017 CURRENT €M	2017 NON-CURRENT €M	2017 TOTAL €M	2016 CURRENT €M	2016 NON-CURRENT €M	2016 TOTAL €M
NET BOOK VALUE						
At 1 October	**1,059**	**44**	**1,103**	1,075	28	1,103
Net movement	**(2)**	**10**	**8**	(57)	12	(45)
Currency adjustment	**(32)**	**(3)**	**(35)**	41	4	45
At 30 September	**1,025**	**51**	**1,076**	1,059	44	1,103
COMPRISED OF						
Trade receivables	**754**	**–**	**754**	780	–	780
Provision for impairment of trade receivables	**(50)**	**–**	**(50)**	(38)	–	(38)
Net trade receivables[1]	**704**	**–**	**704**	742	–	742
Other receivables	**130**	**70**	**200**	137	63	200
Provision for impairment of other receivables	**(2)**	**(28)**	**(30)**	(3)	(25)	(28)
Net other receivables	**128**	**42**	**170**	134	38	172
Accrued income	**146**	**6**	**152**	147	3	150
Prepayments	**47**	**3**	**50**	35	3	38
Amounts owed by associates, joint ventures and related parties[1]	**–**	**–**	**–**	1	–	1
Trade and other receivables	**1,025**	**51**	**1,076**	1,059	44	1,103

[1]Categorised as 'loans and receivables' financial assets (IAS 39).

TRADE RECEIVABLES

The book value of trade and other receivables approximates to their fair value due to the short term nature of the majority of the receivables.

Credit sales are only made after credit approval procedures have been completed satisfactorily. The policy for making provisions for bad and doubtful debts varies from country to country as different countries and markets have different payment practices, but various factors are considered, including how overdue the debt is, the type of receivable and its past history, and current market and trading conditions. Full provision is made for debts that are not considered to be recoverable.

There is limited concentration of credit risk with respect to trade receivables due to the diverse and unrelated nature of the Group's client base. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for the impairment of receivables. The book value of trade and other receivables represents the Group's maximum exposure to credit risk.

The ageing of gross trade receivables and of the provision for impairment is as follows:

TRADE RECEIVABLES	2017 NOT YET DUE €M	0-3 MONTHS OVERDUE €M	3-6 MONTHS OVERDUE €M	6-12 MONTHS OVERDUE €M	OVER 12 MONTHS OVERDUE €M	TOTAL €M
Gross trade receivables	**618**	**81**	**17**	**11**	**27**	**754**
Provision for impairment of trade receivables	**–**	**(9)**	**(9)**	**(8)**	**(24)**	**(50)**
Net trade receivables	**618**	**72**	**8**	**3**	**3**	**704**

TRADE RECEIVABLES	2016 NOT YET DUE €M	0-3 MONTHS OVERDUE €M	3-6 MONTHS OVERDUE €M	6-12 MONTHS OVERDUE €M	OVER 12 MONTHS OVERDUE €M	TOTAL €M
Gross trade receivables	654	81	17	11	17	780
Provision for impairment of trade receivables	–	(9)	(9)	(8)	(12)	(38)
Net trade receivables	654	72	8	3	5	742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 TRADE AND OTHER RECEIVABLES CONTINUED

Movements in the provision for impairment of trade and other receivables are as follows:

PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2017 TRADE €M	2017 OTHER €M	2017 TOTAL €M	2016 TRADE €M	2016 OTHER €M	2016 TOTAL €M
At 1 October	**38**	**28**	**66**	43	27	70
Charged to income statement	**20**	–	**20**	11	–	11
Credited to income statement	**(3)**	**(1)**	**(4)**	(15)	(1)	(16)
Utilised	**(4)**	–	**(4)**	(1)	–	(1)
Reclassified	**(1)**	–	**(1)**	–	(3)	(3)
Currency adjustment	–	**3**	**3**	–	5	5
At 30 September	**50**	**30**	**80**	38	28	66

At 30 September 2017, trade receivables of €88 million (2016: €86 million) were past due but not impaired. The Group has made a provision based on a number of factors, including past history of the debtor, and all amounts not provided for are considered to be recoverable.

13 INVENTORIES

INVENTORIES	2017 €M	2016 €M
NET BOOK VALUE		
At 1 October	**102**	100
Business acquisitions	**1**	–
Net movement	**2**	(1)
Currency adjustment	**(3)**	3
At 30 September	**102**	102

14 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	2017 €M	2016 €M
Cash at bank and in hand	**242**	195
Short term bank deposits	**19**	15
Cash and cash equivalents[1]	**261**	210

[1] Categorised as 'loans and receivables' financial assets (IAS 39).

CASH AND CASH EQUIVALENTS BY CURRENCY	2017 €M	2016 €M
Euro	**49**	56
Australian dollar	**44**	41
US dollar	**5**	–
Other	**163**	113
Cash and cash equivalents	**261**	210

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 16. The book value of cash and cash equivalents represents the maximum credit exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

15 SHORT TERM AND LONG TERM BORROWINGS

SHORT TERM AND LONG TERM BORROWINGS	2017 CURRENT €M	2017 NON-CURRENT €M	2017 TOTAL €M	2016 CURRENT €M	2016 NON-CURRENT €M	2016 TOTAL €M
Bank overdrafts	**(6)**	–	**(6)**	(18)	–	(18)
Bank loans	**(9)**	–	**(9)**	(5)	–	(5)
Bonds	–	**(742)**	**(742)**	–	–	–
Borrowings (excluding finance leases)	**(15)**	**(742)**	**(757)**	(23)	–	(23)
Finance leases	**(3)**	**(4)**	**(7)**	(3)	(8)	(11)
Borrowings (including finance leases)[1]	**(18)**	**(746)**	**(764)**	(26)	(8)	(34)

[1] Categorised as 'other financial liabilities' (IAS 39).

Bank overdrafts principally arise as a result of transactions which were not cleared by the bank. Interest on bank overdrafts is at the relevant money market rates.
All amounts due under bonds, loan notes and bank facilities are shown net of unamortised issue costs.

During the year 2017 a €750 million 2024 Eurobond was issued (excluding the impact of unamortised fees). Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme.

BONDS	NOMINAL VALUE	REDEEMABLE	INTEREST	2017 CARRYING VALUE €M	2016 CARRYING VALUE €M
Euro Eurobond	€750m	Jul 2024	0.63%	**(742)**	–
				(742)	–

BANK LOANS	NOMINAL VALUE	REDEEMABLE	INTEREST	2017 CARRYING VALUE €M	2016 CARRYING VALUE €M
Bank loans	Various	Various	floating	**(9)**	(5)
				(9)	(5)

The maturity profile of borrowings (excluding finance leases) is as follows:

MATURITY PROFILE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2017 €M	2016 €M
Within 1 year, or on demand	**(15)**	(23)
In more than 5 years	**(742)**	–
Borrowings (excluding finance leases)	**(757)**	(23)

The fair value of the Group's borrowings is calculated by discounting future cash flows to net present values at current market rates for similar financial instruments. The fair values have been determined by reference to Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurements'. The table below shows the fair value of borrowings excluding accrued interest:

CARRYING VALUE AND FAIR VALUE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2017 CARRYING VALUE €M	2017 FAIR VALUE €M	2016 CARRYING VALUE €M	2016 FAIR VALUE €M
Bank overdrafts	**(6)**	**(6)**	(18)	(18)
Bank loans	**(9)**	**(9)**	(5)	(5)
€750m Eurobond Jul 2024	**(742)**	**(743)**	–	–
Borrowings (excluding finance leases)	**(757)**	**(758)**	(23)	(23)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

15 SHORT TERM AND LONG TERM BORROWINGS CONTINUED

GROSS AND PRESENT VALUE OF FINANCE LEASE LIABILITIES	2017 GROSS €M	2017 PRESENT VALUE €M	2016 GROSS €M	2016 PRESENT VALUE €M
Finance lease payments falling due:				
Within 1 year	**(4)**	**(3)**	(4)	(3)
In 1 to 5 years	**(4)**	**(4)**	(8)	(8)
In more than 5 years	**–**	**–**	–	–
	(8)	**(7)**	(12)	(11)
Less: Future finance charges	**1**	**–**	1	–
Gross and present value of finance lease liabilities	**(7)**	**(7)**	(11)	(11)

BORROWINGS BY CURRENCY	2017 BORROWINGS €M	2017 FINANCE LEASES €M	2017 TOTAL €M	2016 BORROWINGS €M	2016 FINANCE LEASES €M	2016 TOTAL €M
Euro	**(743)**	**(3)**	**(746)**	(8)	(7)	(15)
Other	**(14)**	**(4)**	**(18)**	(15)	(4)	(19)
Total	**(757)**	**(7)**	**(764)**	(23)	(11)	(34)

16 FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents as disclosed in note 14; debt, which includes the borrowings disclosed in note 11 and 15; and equity attributable to equity shareholders of its parent companies, comprising issued share capital, share premium, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

FINANCIAL MANAGEMENT

The Group continues to manage its interest rate and foreign currency exposure in accordance with the policies set out below. The Group's financial instruments comprise cash, borrowings from external counterparties and Group undertakings, receivables and payables that are used to finance the Group's operations. The Group does not trade in derivative instruments.

LIQUIDITY RISK

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

The Group finances its operations through cash generated by the operating businesses and borrowings from a number of sources including the bank, the public markets as well as borrowing from Group undertakings and share capital and share premium from its parent companies. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 30 September 2017 shows that the average period to maturity is 2.3 years (2016: 4.6 years). Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it as described above.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group aims to maintain the level of cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next 60 days and the amount of guarantees issued to subsidiaries for cash overdrafts and any guarantees that can be directly called upon by the counterparty.

Further, a related party issued interest free loans in various currencies to the Company for an amount of €2,046 million (2016: €nil). These loans are guaranteed by a security agreement between Hospitality Holdings Ltd and the Group which, subject to an equity at risk amount of €100 million, ensures that the Group is protected when it is requested to repay the loan funding. As security for this protection, the Group has pledged its receivables in so far as related to the loan funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

16 FINANCIAL INSTRUMENTS CONTINUED

FOREIGN CURRENCY RISK

The Group's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into euro. Non-euro earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given and will continue to give rise to translation differences. The Group is only partially protected from the impact of such differences through the matching of cash flows to currency borrowings.

The Group has minimal exposure to the foreign currency risk of trade receivables and payables as operations within individual countries have little cross-border activity which might give rise to translation risks on trade related balances.

The main currencies to which the Group's reported euro financial position is exposed are the US dollar, Sterling and the Australian dollar. As set out above, the Group seeks to economically hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Group's foreign operations in such currencies. Therefore, derivatives are not required to be entered into and hedge accounting is not applied in these circumstances.

The effect on profit after tax and equity of a 10% strengthening of euro against these currencies on the Group's financial statements is shown below. A 10% weakening would result in an equal and opposite impact on the profit or loss and equity of the Group. This table shows the impact on the financial instruments in place on 30 September and has been prepared on the basis that the 10% change in exchange rates occurred on the first day of the financial year and applied consistently throughout the year.

FINANCIAL INSTRUMENTS: IMPACT OF EURO STRENGTHENING BY 10%	2017 AGAINST US DOLLAR €M	2017 AGAINST STERLING €M	2017 AGAINST AUSTRALIAN DOLLAR €M	2016 AGAINST US DOLLAR €M	2016 AGAINST STERLING €M	2016 AGAINST AUSTRALIAN DOLLAR €M
Increase in profit for the year (after tax)	**(2)**	**–**	**(3)**	–	–	(3)
Increase in total equity	**8**	**63**	**18**	–	63	18

INTEREST RATE RISK

As set out above, the Group has effective borrowings in a number of currencies and the policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy by matching interest rates on borrowings to the interest rate on receivables where possible, allowing for a net positive margin and by borrowing fixed rate where it is beneficial to do so.

The sensitivity analysis given below has been determined based on the financial instruments the Group had in place at the yearend date only.

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Group's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be a loss of €16 million (2016: loss of €16 million) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

INTEREST RATE SENSITIVITY ANALYSIS (2017)	EURO €M	US DOLLAR €M	STERLING €M	AUSTRALIAN DOLLAR €M	OTHER €M	TOTAL €M
Increase in interest rate	**+1%**	**+1%**	**+1%**	**+1%**	**+1%**	**n/a**
Floating rate exposure – net receivables and cash	**836**	**75**	**684**	**129**	**408**	**2,132**
Increase/(decrease) in profit for the year (after tax)	**6**	**1**	**5**	**1**	**3**	**16**

INTEREST RATE SENSITIVITY ANALYSIS (2016)	EURO €M	US DOLLAR €M	STERLING €M	AUSTRALIAN DOLLAR €M	OTHER €M	TOTAL €M
Increase in interest rate	+1%	+1%	+1%	+1%	+1%	n/a
Floating rate exposure – net receivables and cash	929	11	697	130	340	2,107
Increase/(decrease) in profit for the year (after tax)	7	–	5	1	3	16

These changes are the result of the exposure to interest rates from the Group's floating rate cash and cash equivalents and debt. The sensitivity gains and losses given above may vary because cash flows vary throughout the year and the Group monitors the impact of this closely in order to implement its policies to reduce the exposure to interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

16 FINANCIAL INSTRUMENTS CONTINUED

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's policy is to minimise its exposure to credit risk from the failure of any single financial counterparty by spreading its risk across a portfolio of financial counterparties and related parties. The maximum exposure to credit risk resulting from financial activities, without considering netting arrangements, is equal to the carrying value of the Group's financial assets.

The Group's policy to manage the credit risk associated with trade and other receivables is set out in note 12.

GROSS DEBT MATURITY ANALYSIS	2017 LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
FIXED INTEREST							
€750m Eurobond 2024	–	–	–	–	–	**(742)**	**(742)**
Payables to Group undertakings	**(2,105)**	–	–	–	**(338)**	–	**(2,443)**
Fixed interest liability	**(2,105)**	–	–	–	**(338)**	**(742)**	**(3,185)**
FLOATING INTEREST							
Bank loans	**(9)**	–	–	–	–	–	**(9)**
Overdrafts	**(6)**	–	–	–	–	–	**(6)**
Payables to Group undertakings	**(108)**	–	–	–	–	–	**(108)**
Floating interest liability	**(123)**	–	–	–	–	–	**(123)**
OTHER							
Finance lease obligations	**(3)**	**(2)**	**(2)**	–	–	–	**(7)**
Other liability	**(3)**	**(2)**	**(2)**	–	–	–	**(7)**
Gross debt	**(2,231)**	**(2)**	**(2)**	–	**(338)**	**(742)**	**(3,315)**

PRINCIPAL AND INTEREST MATURITY	2017 LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Gross debt	**(2,231)**	**(2)**	**(2)**	–	**(338)**	**(742)**	**(3,315)**
Less: Overdrafts	**6**	–	–	–	–	–	**6**
Repayment of principal	**(2,225)**	**(2)**	**(2)**	–	**(338)**	**(742)**	**(3,309)**
Interest cash flows on debt	**(33)**	**(29)**	**(29)**	**(29)**	**(29)**	**(10)**	**(159)**
Repayment of principal and interest	**(2,258)**	**(31)**	**(31)**	**(29)**	**(367)**	**(752)**	**(3,468)**

GROSS DEBT MATURITY ANALYSIS	2016 LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
FIXED INTEREST							
Payables to Group undertakings	(32)	–	(356)	–	(890)	(916)	(2,194)
Fixed interest liability	(32)	–	(356)	–	(890)	(916)	(2,194)
FLOATING INTEREST							
Bank loans	(5)	–	–	–	–	–	(5)
Overdrafts	(18)	–	–	–	–	–	(18)
Payables to Group undertakings	(110)	–	–	(7)	(20)	(7)	(144)
Floating interest liability	(133)	–	–	(7)	(20)	(7)	(167)
OTHER							
Finance lease obligations	(3)	(3)	(3)	(2)	–	–	(11)
Other liability	(3)	(3)	(3)	(2)	–	–	(11)
Gross debt	(168)	(3)	(359)	(9)	(910)	(923)	(2,372)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

16 FINANCIAL INSTRUMENTS CONTINUED

PRINCIPAL AND INTEREST MATURITY	2016 LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Gross debt	(168)	(3)	(359)	(9)	(910)	(923)	(2,372)
Less: Overdrafts	18	–	–	–	–	–	18
Repayment of principal	(150)	(3)	(359)	(9)	(910)	(923)	(2,354)
Interest cash flows on debt	(148)	(143)	(143)	(122)	(121)	(63)	(740)
Repayment of principal and interest	(298)	(146)	(502)	(131)	(1,031)	(986)	(3,094)

17 PROVISIONS

PROVISIONS	WORKERS' COMPENSATION AND SIMILAR OBLIGATIONS €M	PROVISIONS IN RESPECT OF DISCONTINUED AND DISPOSED BUSINESSES €M	ONEROUS CONTRACTS €M	LEGAL AND OTHER CLAIMS €M	REORGANISATION €M	OTHER €M	TOTAL €M
At 1 October 2015	(5)	(8)	(9)	(33)	(13)	(17)	(85)
Expenditure in the year	–	1	6	3	7	5	22
Charged to income statement	(1)	–	(3)	1	(12)	(5)	(20)
Credited to income statement	–	–	–	3	5	–	8
Currency adjustment	–	–	–	(3)	(1)	(1)	(5)
At 30 September 2016	(6)	(7)	(6)	(29)	(14)	(18)	(80)
Reclassified[1]	**–**	**–**	**–**	**1**	**1**	**–**	**2**
Expenditure in the year	**3**	**1**	**3**	**(1)**	**13**	**5**	**24**
Charged to income statement	**(1)**	**–**	**(5)**	**(1)**	**(6)**	**(5)**	**(18)**
Credited to income statement	**–**	**–**	**–**	**7**	**–**	**4**	**11**
Unwinding of discount on provision	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
At 30 September 2017	**(4)**	**(6)**	**(8)**	**(23)**	**(6)**	**(15)**	**(62)**

[1] Including items reclassified between accrued liabilities and other balance sheet captions.

PROVISIONS	2017 €M	2016 €M
Current	**(22)**	(32)
Non-current	**(40)**	(48)
Total provisions	**(62)**	(80)

Provisions in respect of discontinued and disposed of businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received.

Provisions for onerous contracts represent the liabilities in respect of short- and long-term leases on unoccupied properties and other contracts lasting under five years.

Provisions for legal and other claims relate principally to provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

Provisions for reorganisation include provision for redundancy costs and these are expected to be utilised over the next year.

Other provisions include environmental provisions. These are in respect of potential liabilities relating to the Group's responsibility for maintaining its operating sites in accordance with statutory requirements and the Group's aim to have a low impact on the environment. These provisions are expected to be utilised as operating sites are disposed of or as environmental matters are resolved.

Provisions are discounted to present value where the effect is material using the discount rate applicable to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

18 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES	2017 CURRENT €M	2017 NON-CURRENT €M	2017 TOTAL €M	2016 CURRENT €M	2016 NON-CURRENT €M	2016 TOTAL €M
NET BOOK VALUE						
At 1 October	**(1,393)**	**(50)**	**(1,443)**	(1,377)	(47)	(1,424)
Net movement	**4**	–	**4**	39	–	39
Reclassification	**(2)**	**1**	**(1)**	–	–	–
Currency adjustment	**44**	–	**44**	(55)	(3)	(58)
At 30 September	**(1,347)**	**(49)**	**(1,396)**	(1,393)	(50)	(1,443)
COMPRISED OF						
Trade payables	**(663)**	**(1)**	**(664)**	(674)	–	(674)
Social security and other taxes	**(138)**	–	**(138)**	(143)	–	(143)
Other payables	**(66)**	**(17)**	**(83)**	(74)	(15)	(89)
Contingent and deferred consideration on acquisitions[1]	**(1)**	**(3)**	**(4)**	(1)	(2)	(3)
Accruals[2]	**(427)**	**(28)**	**(455)**	(450)	(33)	(483)
Deferred income	**(52)**	–	**(52)**	(49)	–	(49)
Capital creditors	–	–	–	(2)	–	(2)
Trade and other payables	**(1,347)**	**(49)**	**(1,396)**	(1,393)	(50)	(1,443)

[1]Categorised as 'other financial liabilities' (IAS 39).

[2]Of this balance €153 million (2016: €167 million) is categorised as 'other financial liabilities' (IAS 39).

TRADE AND OTHER PAYABLES (2017)	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Total trade and other payables	**(1,347)**	**(31)**	**(5)**	**(5)**	**(4)**	**(4)**	**(1,396)**

TRADE AND OTHER PAYABLES (2016)	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Total trade and other payables	(1,393)	(16)	(19)	(4)	(5)	(6)	(1,443)

The directors consider that the carrying amount of trade and other payables approximates to their fair value. The current trade and other payables are payable on demand.

19 POST-EMPLOYMENT BENEFIT OBLIGATIONS

PENSION SCHEMES OPERATED

The Group operates a number of pension arrangements throughout the world, including in Austria, Belgium, India, Italy, Japan, Portugal and Spain, which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's assets. Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries.

In Canada, Germany, Norway and Switzerland, the Group also participates in funded defined benefit arrangements. In other countries, Group employees participate primarily in state arrangements to which the Group makes the appropriate contributions. Other than where required by local regulation or statute, the defined benefit schemes are closed to new entrants. For these schemes the current service cost will increase under the projected unit credit method as the members of the schemes approach retirement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

19 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

ALL DEFINED BENEFIT SCHEMES

The Group's obligations in respect of defined benefit pension schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value and the fair value of scheme assets is then deducted. The discount rate used is the yield at the valuation date on high quality corporate bonds, whose term is consistent with the timing of the expected benefit payments over future years.

The Group takes advice from independent actuaries relating to the appropriateness of the assumptions which include life expectancy of members, expected salary and pension increases, and inflation. It is important to note that comparatively small changes in the assumptions used may have a significant effect on the consolidated income statement and balance sheet.

The liabilities of the defined benefit schemes are measured by discounting the best estimate of future cash flows to be paid using the projected unit method. This method is an accrued benefits valuation method that makes allowances for projected earnings. These calculations are performed by a qualified actuary.

Disclosures showing the assets and liabilities of the schemes are set out below. These have been calculated on the following assumptions:

	2017	2016
Discount rate	**1.7-3.7%**	1.1-3.1%
Inflation	**1.8-2.0%**	1.8-2.0%
Rate of increase in salaries	**1.2-2.8%**	1.1-2.8%
Rate of increase for pensions in payment	**0.0-1.6%**	0.0-1.6%
Rate of increase for deferred pensions[1]	**0.0%**	0.0-0.2%

[1] **This assumption is now presented as a weighted average.**

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

SENSITIVITIES OF PRINCIPAL ASSUMPTIONS

Measurement of the Group's defined benefit obligations is particularly sensitive to changes in key assumptions, including discount rate, life expectancy and inflation. The sensitivities of the principal assumptions used to measure the defined benefit obligations of the schemes are set out below:

ASSUMPTION	CHANGE IN ASSUMPTION	IMPACT ON SCHEME DEFICIT 2017	IMPACT ON SCHEME DEFICIT 2016
Discount rate	Increase by 0.5%	Decrease by €4 million	Decrease by €5 million
	Decrease by 0.5%	Increase by €8 million	Increase by €10 million
Inflation	Increase by 0.5%	Increase by €5 million	Increase by €7 million
	Decrease by 0.5%	Decrease by €3 million	Decrease by €3 million
Life expectations from age 65	Increase by 1 year	Increase by €4 million	Increase by €4 million

The sensitivities above consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case).

The Group's net pension deficit is the difference between the schemes' liabilities and the schemes' assets. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the changes in assumptions. For example, a fall in interest rates will increase the schemes' liabilities but may also trigger an offsetting increase in the market value of certain assets so there is no effect on the Group's liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

19 POST-EMPLOYMENT OBLIGATIONS CONTINUED

ANALYSIS OF THE FAIR VALUE PLAN ASSETS

At 30 September 2017, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of equities and debt securities. The fair value of these assets is shown below by major category:

FAIR VALUE OF PLAN ASSETS	2017 €M	2016 €M
EQUITY TYPE ASSET		
Global equities quoted	**16**	16
GOVERNMENT BONDS		
Overseas unquoted	**8**	8
OTHER ASSETS		
Property funds quoted	**1**	1
Insurance policies unquoted	**7**	7
Cash and cash equivalents	**2**	2
At 30 September	**34**	34

In respect of investments held in global equities there is also a risk of unfavourable currency movements. The trustee manages these risks by holding approximately 50% of those investments in funds which are hedged against currency movements.

MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS	2017 €M	2016 €M
At 1 October	**34**	31
Currency adjustment	–	5
Interest income on plan assets	–	–
Return on plan assets, excluding interest income	–	(2)
Employer contributions	**8**	5
Benefits paid	**(8)**	(5)
Disposals and plan settlements	–	–
At 30 September	**34**	34

MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2017 €M	2016 €M
At 1 October	**88**	73
Currency adjustment	**1**	14
Current service cost	**2**	1
Interest expense on benefit obligations	**1**	2
Re-measurements – demographic assumptions	–	(1)
Re-measurements – financial assumptions	**(6)**	7
Re-measurements – experience	**(2)**	(3)
Benefits paid	**(8)**	(4)
Disposals and plan settlements	–	(1)
At 30 September	**76**	88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

19 POST-EMPLOYMENT OBLIGATIONS CONTINUED

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2017 €M	2016 €M
Funded obligations	57	56
Unfunded obligations	19	32
Total obligations	76	88

POST-EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2017 €M	2016 €M
Present value of defined benefit obligations	(76)	(88)
Fair value of plan assets	34	34
Post-employment benefit asset/(obligation) recognised in the balance sheet	(42)	(54)

AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED INCOME STATEMENT

The amounts recognised through the consolidated income statement within the various captions are as follows:

	2017 €M	2016 €M
Current service cost	2	1
Charged to operating expenses	2	1
Interest expense on benefit obligations	1	1
Interest income on plan assets	–	–
Charged to finance costs	1	1
Total charged in the consolidated income statement	3	2

AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The amounts recognised through the consolidated statement of comprehensive income are as follows:

	2017 €M	2016 €M
Re-measurement of post-employment benefit obligations:		
Effect of changes in demographic assumptions	–	1
Effect of changes in financial assumptions	6	(7)
Effect of experience adjustments	2	3
Re-measurement of post-employment benefit obligations – gain/(loss)	8	(3)
Return on plan assets, excluding interest income – (loss)/gain	–	(2)
Total recognised in the consolidated statement of comprehensive income	8	(5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

20 EQUITY

ORDINARY SHARES

The Company's authorised ordinary share capital consists of ordinary shares with a nominal value each of €1. As at 30 September 2017 5,447,200 ordinary shares were issued and fully paid up (2015-2016: 5,447,200). All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

PREFERRED SHARES

Preferred shareholders participate only to the extent of the face value of the shares, which is a nominal value of €1.

Preferred shares are issued to the shareholder of the Company in certain cases when the Company issues a loan in a non-EUR denominated currency towards a subsidiary or Compass Group company. The class calculation amount (amount paid in addition to the nominal value of the share) is denominated in the same currency as the loan and bears a non-discretionary coupon interest.

Preferred shares are classified as liabilities and disclosed in note 6 in the parent company accounts.

SHARE PREMIUM

The Company's share premium consist of additional paid in capital on the authorised shares issued.

On 16 December 2016, the Group repaid an amount of €7 million of share premium to its direct parent Compass Group International Coöperatief W.A.

On 21 December 2016, the Group went through a financial restructuring. As a result of this restructuring the Group repaid and cancelled all outstanding preferred shares by transferring the corresponding loans receivable from related parties, including accrued interest, to its direct parent Compass Group International Coöperatief W.A. This resulted in a reduction of the total assets and liabilities of €2,014 million. Further, the Group reduced its ordinary equity for an amount of €259 million by transferring loans receivable from related parties, including accrued interest, to its direct parent Compass Group International Coöperatief W.A. After this, the direct parent was contributed by its shareholders towards the Group. The Group received new loan funding from a related party amounting to €2,273 million for which it re-acquired the loans receivable from related parties, including accrued interest.

TRANSLATION RESERVES

On consolidation, the assets and liabilities of the Group's overseas operations (expressed in their functional currencies, being the currency of the primary economic environment in which each entity operates) are translated at the exchange rates applicable on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and accounted for in the Group's translation reserve.

RECONCILIATION OF EQUITY IN THE COMPANY FINANCIAL STATEMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

	SHARE CAPITAL €M	SHARE PREMIUM ACCOUNT €M	TRANSLATION RESERVES €M	RETAINED EARNINGS €M	TOTAL EQUITY BEFORE NON-CONTROLLING INTERESTS €M	NON-CONTROLLING INTERESTS €M	TOTAL EQUITY €M
At 30 September 2017							
Company financial statements	**5**	**1,758**	**–**	**480**	**2,243**	**–**	**2,243**
Total reconciling items							
Opening balance of participating interests	–	–	**(117)**	**1,189**	**1,072**	**375**	**1,447**
Result for the year from participating interests	–	–	–	**414**	**414**	**25**	**439**
Comprehensive income for the year from participating interest	–	–	**(112)**	**7**	**(105)**	**(7)**	**(112)**
Impairment subsidiaries	–	–	–	**117**	**117**	–	**117**
Dividends received during the year from participating interests	–	–	–	**(590)**	**(590)**	–	**(590)**
Dividends paid to non-controlling interests	–	–	–	–	–	**(25)**	**(25)**
Other valuation differences	–	–	–	**5**	**5**	–	**5**
At 30 September 2017 Consolidated financial statements	**5**	**1,758**	**(229)**	**1,622**	**3,156**	**368**	**3,524**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

20 EQUITY CONTINUED

RECONCILIATION OF EQUITY IN THE COMPANY FINANCIAL STATEMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

	SHARE CAPITAL €M	SHARE PREMIUM ACCOUNT €M	TRANSLATION RESERVES €M	RETAINED EARNINGS €M	TOTAL EQUITY BEFORE NON-CONTROLLING INTERESTS €M	NON-CONTROLLING INTERESTS €M	TOTAL EQUITY €M
At 30 September 2016 Company financial statements	5	2,024	–	338	2,367	–	2,367
Total reconciling items							
Opening balance of participating interests	–	–	(86)	1,028	942	491	1,433
Result for the year from participating interests	–	–	–	510	510	24	534
Comprehensive income for the year from participating interest	–	–	(31)	(3)	(34)	(41)	(75)
Difference between consolidated and parent company profit on disposal of Sevita	–	–	–	(178)	(178)	–	(178)
Impairment subsidiaries	–	–	–	52	52	–	52
Dividends received during the year from participating interests	–	–	–	(215)	(215)	–	(215)
Dividends paid to non-controlling interests	–	–	–	–	–	(48)	(48)
Other valuation differences	–	–	–	(5)	(5)	(51)	(56)
At 30 September 2016 Consolidated financial statements	5	2,024	(117)	1,527	3,439	375	3,814

RECONCILIATION OF THE RESULT IN THE COMPANY FINANCIAL STATEMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2017 €M	2016 €M
COMPANY FINANCIAL STATEMENTS		
At 30 September	**481**	623
Adjusted for:		
Dividends received	**(590)**	(215)
Profit on disposal of Sevita	–	(450)
Impairments	**117**	52
Interest from subsidiaries	**(9)**	(6)
Add:		
Consolidated profit on disposal of Sevita	–	272
Net results of subsidiaries	**414**	510
Results of non-controlling interests	**25**	24
CONSOLIDATED FINANCIAL STATEMENTS		
At 30 September	**438**	810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

21 ACQUISITIONS AND DISPOSALS

ACQUISITIONS

2017

The Group has completed a number of infill acquisitions in several countries for a total consideration of €10 million, of which €10 million was paid in the year. In addition, the Group did not pay any deferred consideration relating to prior years.

Acquisition transaction costs expensed in the year ended 30 September 2017 amounted to €1 million.

In the period from acquisition to 30 September 2017, the acquired entities contributed revenue of €9 million and operating profit of €nil million to the Group's income statement.

If the acquisitions had occurred on 1 October 2016, it is estimated that the sales of Group for the period would have amounted to €7,104 million and total Group operating profit would have amounted to €440 million.

2016

The Group has completed a number of infill acquisitions in several countries for a total consideration of €12 million, of which €10 million was paid in the year. In addition, the Group paid a further €5 million deferred consideration relating to prior years.

Acquisition transaction costs expensed in the year ended 30 September 2016 amounted to €1 million.

In the period from acquisition to 30 September 2016, the acquired entities contributed revenue of €1.4 million and operating profit of €nil million to the Group's income statement.

If the acquisitions had occurred on 1 October 2015, it is estimated that the sales of Group for the period would have amounted to €7,211 million and total Group operating profit would have amounted to €656 million.

DISPOSALS

2016

On 22 April 2016, one of the Groups subsidiaries in Switzerland was sold to Compass Overseas Holdings No. 2 Ltd at fair value (being CHF 1,516 million), resulting in a profit of €272 million. The sales price was partly repatriated to the shareholder in the form of a dividend and partly invested in a new subsidiary.

22 NON CONTROLLING INTERESTS

The following table summarises the information relating to each of the Group's subsidiaries that has significant non-controlling interests ("NCI"):

	2017				2016			
	Compass Group (Australia) Pty Ltd[1] €M	**Compass Group Finance No 3 Limited €M**	**Other individually immaterial subsidiaries €M**	**TOTAL €M**	Compass Group (Australia) Pty Ltd €M	Compass Group Finance No 3 Limited €M	Other individually immaterial subsidiaries €M	TOTAL €M
NCI PERCENTAGE	43%	38%			43%	38%		
Non-current assets	**248**	**700**	**47**		269	701	28	
Current assets	**197**	**–**	**60**		193	–	47	
Non-current liabilities	**(199)**	**(1)**	**(30)**		(196)	(1)	(28)	
Current liabilities	**(35)**	**–**	**(32)**		(41)	–	(1)	
Net assets	**211**	**699**	**45**	**955**	225	700	46	971
Net assets attributable to NCI	**97**	**268**	**3**	**368**	102	268	5	375
Revenue	**902**	**–**	**165**		1,013	–	147	
Profit	**35**	**11**	**9**		35	6	12	
OCI	**(6)**	**(12)**	**(1)**		22	(78)	(12)	
Total comprehensive income	**29**	**(1)**	**8**		57	(72)	–	
Profit allocated to NCI	**19**	**4**	**2**	**25**	18	2	4	24
OCI allocated to NCI	**(3)**	**(4)**	**(1)**	**(8)**	9	(30)	(20)	(41)
Dividends paid to NCI	**21**	**–**	**4**	**25**	46	–	2	48

[1] Ownership percentage and results provided are of the consolidated results for this holding company and its subsidiaries.

As part of a group restructuring undertaken by the Compass Group in June 2016, the Group disposed of the following three subsidiaries with a 33.28% non-controlling interest: Nextonline Limited, Sevita (UK) Limited and Sevita Group AG. The non-controlling interests balance at the date of disposal was €346 million. Also as part of the restructuring, the Group acquired 38.32% of Compass Group Finance No. 3 Limited, which had a non-controlling interest balance at the date of acquisition of €296 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

23 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS	2017 €M	2016 €M
Operating profit before joint ventures and associates	**357**	573
Adjustments for:		
Amortisation of intangible assets	**25**	25
Amortisation of intangible assets arising on acquisition	**10**	10
Depreciation of property, plant and equipment	**95**	89
Profit on disposal of property, plant and equipment/intangible assets	**–**	2
Decrease in provisions	**(18)**	(10)
Post-employment benefit obligations net of service costs	**(5)**	(3)
Operating cash flows before movement in working capital	**464**	686
Increase in inventories	**(2)**	–
Increase in receivables	**(5)**	51
Increase in payables	**(1)**	(46)
Cash generated from operations	**456**	691

24 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2017 €M	2016 €M
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**281**	242

[1]Excludes post-employment obligations and borrowings (including finance and operating leases) recorded on the balance sheet or disclosed in note 25.

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint arrangements and associates. Where the Group enters into such arrangements, it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations. The issue of such guarantees and indemnities does not therefore increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

EUREST SUPPORT SERVICES

On 21 October 2005, Compass Group PLC announced that it had instructed Freshfields Bruckhaus Deringer to conduct an investigation into the relationships between Eurest Support Services (ESS) (a member of the Group), IHC Services Inc. (IHC) and the United Nations (UN). Ernst & Young assisted Freshfields Bruckhaus Deringer in this investigation. On 1 February 2006, it was announced that the investigation had concluded.

The investigation established serious irregularities in connection with contracts awarded to ESS by the UN. The work undertaken by Freshfields Bruckhaus Deringer and Ernst & Young gave no reason to believe that these issues extended beyond a few individuals within ESS to other parts of ESS or the wider Compass Group of companies.

The Group settled all outstanding civil litigation against it in relation to this matter in October 2006, but litigation continues between competitors of ESS, IHC and other parties involved in UN procurement.

IHC's relationship with the UN and ESS was part of a wider investigation into UN procurement activity being conducted by the United States Attorney's Office for the Southern District of New York, and with which the Group co-operated fully. The current status of that investigation is uncertain and a matter for the US authorities. Those investigators could have had access to sources unavailable to the Group, Freshfields Bruckhaus Deringer or Ernst & Young, and further information may yet emerge which is inconsistent with, or additional to, the findings of the Freshfields Bruckhaus Deringer investigation, which could have an adverse impact on the Group. The Group has, however, not been contacted by, or received further requests for information from, the United States Attorney's Office for the Southern District of New York in connection with these matters since January 2006. The Group has co-operated fully with the UN throughout.

OTHER LITIGATION AND CLAIMS

The Group is also involved in various other legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

In addition, the Group is subject to periodic tax audits and challenges with/by various fiscal authorities covering corporate, employee and sales taxes in the various jurisdictions in which it operates. None of these are currently expected to have a material impact on the Group's financial position.

OUTCOME

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

25 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2017 €M	2016 €M
Contracted for but not provided for	**25**	28

The majority of capital commitments are for intangible assets.

26 OPERATING LEASE AND CONCESSIONS COMMITMENTS

The Group leases offices and other premises under non-cancellable operating leases. The leases have varying terms, purchase options, escalation clauses and renewal rights.

Future minimum rentals payable under non-cancellable operating leases and concessions agreements are as follows:

	2017			2016		
	OPERATING LEASES			OPERATING LEASES		
OPERATING LEASE AND CONCESSIONS COMMITMENTS	LAND AND BUILDINGS €M	OTHER ASSETS €M	OTHER OCCUPANCY RENTALS €M	LAND AND BUILDINGS €M	OTHER ASSETS €M	OTHER OCCUPANCY RENTALS €M
Falling due within 1 year	**24**	**19**	**42**	20	17	59
Falling due between 2 and 5 years	**50**	**24**	**45**	43	19	50
Falling due in more than 5 years	**12**	-	**11**	12	-	9
Total	**86**	**43**	**98**	75	36	118

27 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

28 ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

At 21 December 2016, 100% of the Company's shares were acquired by Compass Overseas Holdings Ltd. and Compass Overseas Holdings No. 2 Ltd., each for 50%. The ultimate parent of the Company is Compass Group Plc, a company incorporated in England and Wales.

29 DETAILS OF RELATED PARTY TRANSACTIONS

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel is disclosed in Note 3 to the consolidated financial statements.

OTHER RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the Company. These include both people and entities that have, or are subject to, the influence or control of the Company.

Transaction with related parties are conducted in accordance with agreed transfer pricing policies and include sales to joint ventures and associates. Other than those disclosed in Notes 10 to 11 to the consolidated financial statements, there were no related party transactions that were material to the Company or to the related parties concerned that are required to be reported in 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

30 EXCHANGE RATES

	2017	2016
AVERAGE EXCHANGE RATE FOR THE YEAR[1]		
Argentina Peso	**17.92**	14.71
Australian Dollar	**1.46**	1.51
Brazilian Real	**3.56**	4.04
Canadian Dollar	**1.46**	1.47
Chilean Peso	**729.12**	757.56
Colombia Peso	**3,288.02**	3,379.54
Denmark Krone	**7.44**	7.45
Indian Rupee	**73.12**	73.90
Japanese Yen	**123.06**	124.53
Kazakhstan Tenge	**363.34**	364.38
Mexico Peso	**21.21**	19.69
New Zealand Dollar	**1.55**	1.62
Norwegian Krone	**9.18**	9.35
Sweden Krona	**9.62**	9.35
British Pound	**0.87**	0.78
CLOSING EXCHANGE RATE AS AT 30 SEPTEMBER[1]		
Argentina Peso	**20.53**	17.14
Australian Dollar	**1.51**	1.47
Brazilian Real	**3.74**	3.65
Canadian Dollar	**1.48**	1.48
Chilean Peso	**755.56**	740.49
Colombia Peso	**3,471.74**	3,236.56
Denmark Krone	**7.44**	7.45
Indian Rupee	**77.22**	74.82
Japanese Yen	**133.07**	113.80
Kazakhstan Tenge	**402.29**	377.60
Mexico Peso	**21.47**	21.75
New Zealand Dollar	**1.64**	1.55
Norwegian Krone	**9.41**	8.98
Sweden Krona	**9.65**	9.63
British Pound	**0.88**	0.87

[1] Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

31 DETAILS OF RELATED UNDERTAKINGS[1] OF COMPASS GROUP INTERNATIONAL B.V.

PRINCIPAL SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING	PRINCIPAL ACTIVITIES
Ground Floor 35-51 Mitchell Street, McMahons Point NSW 2060, Australia			
Compass Group (Australia) Pty Limited (i)	Australia	57	Food and support services
Rua Tutoia, 119, Vila Mariana, Sao Paulo, 04007-000, Brazil			
GR Serviços e Alimentação Ltda.	Brazil	100	Food and support services
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada			
Compass Group Canada Ltd. Groupe Compass Canada Ltée (i)(iii)(iv)(v)(vi)	Canada	100	Food and support services
Helfmann-Park 2, 65760, Eschborn, Germany			
Compass Group Deutschland GmbH (i)	Germany	100	Holding company
Medirest GmbH & Co OHG	Germany	100	Food service to the healthcare and senior living market
Eurest Deutschland GmbH	Germany	100	Food service to business and industry
Eurest Services GmbH	Germany	100	Support services to business and industry
Food Affairs GmbH	Germany	100	Food service for the events market

[1] Related undertakings are included in the consolidation if more than 50% shareholding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

PRINCIPAL SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING	PRINCIPAL ACTIVITIES
Via Angelo Scarsellini, 14, 20161, Milano, Italy			
Compass Group Italia S.p.A.(i)	Italy	100	Food service, support services and prepaid meal vouchers
Seiwa Ikebukuro Building, 3-13-3, Higashi-Ikebukuro, Toshima-ku, Tokyo, 170-0013, Japan			
Seiyo Food-Compass Group, Inc.(i)	Japan	100	Food and support services
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands			
Compass Group Nederland B.V.	Netherlands	100	Food and support services
Compass Group Nederland Holding B.V.	Netherlands	100	Holding company
Eurest Services B.V.	Netherlands	100	Food and support services
Calle R, s/n, Mercapalma, 07007 Palma de Mallorca, Baleares, Spain			
Compass Group Holdings Spain, S.L.(i)	Spain	100	Holding company
Calle Pinar de San José 98 planta 1ª 28054 Madrid, Spain			
Eurest Colectividades S.L.	Spain	100	Food and support services

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Chez: Eurojapan Résidence, RN n°3 BP 398 , Hassi Messaoud 30500, Wilaya de Quargla, Algeria		
Eurest Algerie SPA (i)	Algeria	100
Esteban Echeverría 1050, 6th floor, Vicente Lopez (1602), Buenos Aires, Argentina		
Servicios Compass de Argentina S.A.(i)	Argentina	100
Wagramer Strasse 19/4. Stock, 1220 Wien, Austria		
Eurest Restaurationbetriebs GmbH	Austria	100
Kunz Gebäudereinigung GmbH	Austria	100
Select Service Partner Gastronomiebetrieb GmbH (ii)	Austria	100
Road # 123, House # 82, Flat # C/1, Gulshan Avenue, Dhaka-1212, Bangladesh		
C.A.P.S. (Bangladesh) Limited (ii)	Bangladesh	100
Chaussée de Haecht 1179, B-1130 Bruxelles, Belgium		
Compass Group Belgilux S.A.(i)	Belgium	100
Rua Orissanga, 200, 1st Floor, Mirandópolis, São Paulo, 04.052-030, Brazil		
Clean Mall Serviços Ltda.	Brazil	100
Rua Orissanga, 200, 3rd Floor, Mirandópolis, São Paulo, 04.052-030, Brazil		
GRSA Serviços LTDA.	Brazil	100
c/o Action Group Ltd.,No.12, Street 614, Sangkat Boeung Kok II, Khan Tuol Kork, Phnom Penh City, Cambodia		
Compass Group (Cambodia) Co. Ltd. (ii)	Cambodia	100
100, Rue n° 1044 Hydrocarbures, Bonapriso, BP 5767 Douala, Cameroon		
Eurest Cameroun SARL (i)(ii)	Cameroon	100
Eurest Camp Logistics Cameroun SARL (i)(ii)	Cameroon	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada		
Canteen of Canada Ltd	Canada	100
Compass Canada Support Services Ltd (iii)(iv)(v)(vi)	Canada	100
1959 Upper Water Street, Suite 1100, Halifax, Nova Scotia, B3J 3E5, Canada		
East Coast Catering (NS) Limited	Canada	100
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada		
East Coast Catering Limited (iii)(iv)(vii)	Canada	100
Long Harbour Catering LP (ix)	Canada	100
Long Harbour Catering Ltd	Canada	100
421 7th Avenue SW, Suite 1600, Calgary, Alberta, T2P 4K9, Canada		
Great West Catering Ltd	Canada	100
Tamarack Catering Ltd	Canada	100
2580 Rue Dollard, Lasalle, Quebec, H8N 1T2, Canada		
Groupe Compass (Québec) Ltée (iii)(iv)(v)(vi)	Canada	100
550 Burrard Street, Suite 2300, Bentall 5, P.O. Box 30, Vancouver, British Columbia, V6C 2B5, Canada		
Town Square Food Services Ltd	Canada	100
Av. del Valle 787, 5th floor, Huecuraba, Santiago, Chile		
Cadelsur S.A.	Chile	100
Compass Catering S.A.	Chile	100
Compass Catering Y Servicios Chile Limitada (i)	Chile	100
Compass Servicios S.A.	Chile	100
Scolarest S.A.	Chile	100
Autopista Norte No. 235 – 71, Bogota D.C., Colombia		
Compass Group Services Colombia S.A. (i)	Colombia	100
Enceinte de Brometo Centre Ville, BP 5208, Pointe-Noire, The Democratic Republic of the Congo		
Eurest Services Congo SARL (i)(ii)	Congo	100
195, Arch. Makariou III Avenue, Neocleous House, 3030 Limassol, Cyprus		
ESS Design & Build Ltd (i)(ii)	Cyprus	100
Eurest Support Services (Cyprus) International Ltd (i)	Cyprus	100
Jankovcova, 1603/47a, Holešovice 170 00, Prague 7, Czech Republic		
Compass Group Czech Republic s.r.o.	Czech Republic	100
SCOLAREST- zařízení školního stravování spol. s.r.o	Czech Republic	100
Roholmsvej 11D, DK-2620, Albertslund, Denmark		
Compass Group Danmark A/S (i)	Denmark	100
PL 1271, 00101, Helsinki, 00101, Finland		
Compass Group Finland OY (i)	Finland	100
ZONE OPRAG, (Face à Bernabé Nouveau Port), BP 1292, Port Gentil, Gabon		
Eurest Support Services Gabon SA (i)	Gabon	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Helfmann-Park 2, 65760, Eschborn, Germany		
Menke Menue GmbH	Germany	100
Sankt-Florian-Weg 1, 30880, Laatzen, Germany		
Eurest West GmbH & Co. KG	Germany	100
Orgamed Betriebsgesellschaft für Zentralsterilisationen GmbH	Germany	100
Plural Gebäudemanagement GmbH	Germany	100
Plural Personalservice GmbH	Germany	100
Plural servicepool GmbH	Germany	100
Pfaffenwiese, 65929 Frankfurt/M., Germany		
LPS Event Gastronomie GmbH	Germany	100
Edisonstraße 7, 63477, Maintal, Germany		
M.S.G. Frucht GmbH	Germany	100
S.B. Verwaltungs GmbH (ii)	Germany	100
Room 805, 8/F, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong		
Compass Group Hong Kong Ltd (i)	Hong Kong	100
Shing Hin Catering Group Ltd	Hong Kong	100
Aliz u. 2., H-1117 Budapest, Hungary		
Eurest Étteremüzemeltető Korlátolt Felelősségű Társaság (i)	Hungary	100
Unit #426, 4th Floor, Tower A, Space 1 – Tech Park Sohna Road, Sector 49, Gurgaon Gurgaon HR 122018 IN, India		
Compass Group (India) Support Services Private Ltd (i)	India	100
Compass India Support Services Private Limited (i)	India	100
3rd Floor, 43a, Yeats Way, Parkwest Business Park, Dublin 12, Ireland		
Catering Management Ireland Limited (ii)	Ireland	100
Cheyenne Limited (i)(ii)	Ireland	100
12-14 Finch Road, Douglas, IM99 1TT, Isle of Man		
Consolidated Services Limited (i)	Isle of Man	100
Shin-Hie Building 2nd Floor, 3-3-3, Hakataeki-Higashi, Hakata-ku, Fukuoka-City, Fukuoka-Prefecture, Japan		
Eishoku-Medix, Inc.	Japan	100
Seiwa Ikebukuro Building, 3-13-3, Higashi-Ikebukuro, Toshima-ku, Tokyo, 170-0013, Japan		
Eurest Japan, Inc.	Japan	100
Fuyo, Inc.	Japan	100
Marunouchi Polestar Co., Ltd	Japan	100
MFS, Inc.	Japan	100
Seiyo Food-Compass Group Holdings, Inc.(i)	Japan	100
2-10-9 Higashi-Kanda, Chiyoda-ku, Tokyo, 101-0031, Japan		
Nihon Kyushoku Service, Inc.	Japan	100
1-14-2, Kurumada-cho, Showa-ku, Nagoya-City, Aichi-Prefecture, 466-0001, Japan		
Sun Food, Inc.	Japan	100
64 Old Airport Road, Atyrau, 060011, Kazakhstan		
Too ESS Support Services Kazakhstan LLP (i)	Kazakhstan	100
060011, Atyrauskaya Oblast, Atyrau City, Beibarys Sultan Avenue 506, Kazakhstan		
Too Eurest Support Services Kazakhstan LLP(i)	Kazakhstan	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
209/8919 Sigma Road Off Enterprises Road, PO BOX 14 662, Nairobi, Kenya		
Kenya Oilfield Services Ltd (i)(ii)	Kenya	100
Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia		
Compass Group Malaysia Sdn Bhd (i)	Malaysia	100
Calle Jaime Balmes 11, Oficina 101 letra D, Col. Los Morales Polanco, Delegación Miguel Hidalgo, 11510 México D.F., Mexico		
Eurest Proper Meals de Mexico S.A. de C.V. (i)(iii)(iv)	Mexico	100
Servicios Corporativos Eurest-Proper Meals de Mexico S.A. De C.V. (iii)(iv)	Mexico	100
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands		
Aurora Holdco B.V.(i)	Netherlands	100
Compass Group Holding B.V.(i)	Netherlands	100
Compass Group International 10 B.V. (i)(ii)	Netherlands	100
Compass Group International 2 B.V.(i)	Netherlands	100
Compass Group International 3 B.V.(i)	Netherlands	100
Compass Group International 4 B.V.(i)	Netherlands	100
Compass Group International 5 B.V.(i)	Netherlands	100
Compass Group International 6 B.V. (i)(ii)	Netherlands	100
Compass Group International 9 B.V.(i)	Netherlands	100
Compass Group International ESS Shanghai B.V.(i)	Netherlands	100
Compass Group International Finance 1 B.V.(i)	Netherlands	100
Compass Group International Finance 2 B.V.(i)	Netherlands	100
Compass Group Shanghai Eurest B.V. (i)(ii)	Netherlands	100
Eurest Support Services (ESS) B.V. (i)	Netherlands	100
Eurest Support Services Sakhalin B.V. (i)(ii)	Netherlands	100
Luzernestraat 57, 2153 GM, Nieuw-Vennep, Netherlands		
Famous Flavours B.V. (vii)	Netherlands	100
Stationsweg 95, 6711 PM Ede, Netherlands		
Xandrion B.V.	Netherlands	100
Level 3, 15 Sultan Street, Ellerslie 1051, New Zealand		
Compass Group New Zealand Limited(i)	New Zealand	100
Crothall Services Group Limited (ii)	New Zealand	100
Eurest NZ Limited (ii)	New Zealand	100
Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway		
Compass Holding Norge A/S (i)	Norway	100
Eurest A/S (iii)(iv)	Norway	100
Forusparken 2, 4031 Stavanger, Postboks 8083 Stavanger Postterminal, 4068, Stavanger, Norway		
ESS Mobile Offshore Units A/S	Norway	100
ESS Support Services A/S	Norway	100
1st Floor, Danaya Haus, Gabaka Street, Gordons, National Capital District, Papua New Guinea		
Eurest (PNG) Catering & Services Ltd (ii)	Papua New Guinea	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
U1409 14th Floor, Robinsons Equitable Tower, #4 ADB Avenue, cor. Poveda Street, Ortiga Center, Pasig City, Philippines		
Compass Group Philippines Inc (i)(ii)	Philippines	100
Ul. Olbrachta 94, 01-102 Warszawa, Poland		
Compass Group Poland Sp. Z o.o. (i)	Poland	100
Edificio Prime, Avenida da, Quinta Grande, 53-60, Alfragide 2614-521 Amadora, Portugal		
Eurest (Portugal) – Sociedade Europeia de Restaurantes, Lda.	Portugal	100
Eurest Catering & Services Group Portugal, Lda.	Portugal	100
Eurest Catering & Services Group Portugal, Restaurantes Lda.	Portugal	100
Eurest Holding, SGPS, Unipessoal Lda.	Portugal	100
Bucureşti Sectorul 4, Strada Sold., Ilie Şerban, Nr. 8B., Romania		
Eurest ROM SRL (i)	Romania	100
7 Gasheka Street, Bld. 1, 123056, Moscow, Russia		
Aurora Rusco OOO	Russia	100
Prospect Vernadskogo, 103-2, 119526 Moscow, Russia		
Compass Group Rus OOO (i)	Russia	100
11 Changi South Street 3, Builders Shop Building, #04-02/03, 486122, Singapore		
Compass Group (Singapore) PTE Ltd (i)(iii)	Singapore	100
Karadžičova 2, Staré mesto, 811 09 Bratislava, Slovakia		
Compass Group Slovakia s. r. o.(i)	Slovakia	100
Calle Frederic Mompou 5, planta 5a, Edificio Euro 3, 08960, San Just Desvern, Barcelona, Spain		
Asistentes Escolares, S.L.	Spain	100
Eurest Catalunya, S.L.U.	Spain	100
Calle Pinar de San Jose 98, Planta 1a, 28054, Madrid, Spain		
Eurest Club de Campo, S.L.U.	Spain	100
Eurest Servicios Feriales, S.L.U.	Spain	100
Poligono Ugaldeguren 1, Parcela 7, 48160 Derio (Vizcaya), Spain		
Eurest Euskadi S.L.U.	Spain	100
Box 1222, 164 28, Kista, Sweden		
Compass Group AB	Sweden	100
Compass Group Sweden AB (i)	Sweden	100
c/o BDO AG, Industriestrasse 53 6312 Steinhausen Switzerland		
Creative New Food Dream Steam GmbH (i)	Switzerland	100
100/97 Vongvanij Complex Building B, 29th Floor, Rama 9 Road, Huay-Kwang, Bangkok 10310, Thailand		
Compass Group Services Co., Ltd (i)	Thailand	100
Eurasia Holdings Co., Ltd	Thailand	100
Eurasia Services Co., Ltd	Thailand	100
Eurasia Management (Thailand) Co., Ltd	Thailand	100
Dubai Airport Free Zone, Dubai, United Arab Emirates		
Compass Camea FZE (i)	UAE	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, England, United Kingdom		
Knott Hotels Company of London (ii)	UK	100
Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, England, United Kingdom		
Compass Group Capital No.3 (i)(ii)	UK	100
Compass Group Capital No.4 (i)(ii)	UK	100
Compass Group Capital No.5 (i)(ii)	UK	100

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
Rua Dr. Ayres de Menezes Street, No.120, District Maianga, Maianga Municipality, Luanda, Angola		
Express Support Services, Limitada (i)	Angola	49
Ground Floor 35 – 51 Mitchell Street, McMahons Point NSW 2060, Australia		
Compass (Australia) Catering & Services PTY Ltd (iii)(iv)	Australia	57
Compass Group B&I Hospitality Services PTY Ltd	Australia	57
Compass Group Defence Hospitality Services PTY Ltd	Australia	57
Compass Group Education Hospitality Services PTY Ltd	Australia	57
Compass Group Healthcare Hospitality Services PTY Ltd	Australia	57
Compass Group Management Services PTY Ltd	Australia	57
Compass Group Relief Hospitality Services PTY Ltd	Australia	57
Compass Group Remote Hospitality Services PTY Ltd	Australia	57
Compass Group Retail Services Pty Ltd	Australia	57
Delta Facilities Management PTY Ltd	Australia	57
Delta FM Australia PTY Ltd	Australia	57
Delta Force Personnel Pty Ltd	Australia	57
Eurest (Australia) Food Services – NSW Pty Ltd	Australia	57
Eurest (Australia) Food Services – Wollongong PTY Ltd	Australia	57
Eurest (Australia) Food Services PTY Ltd	Australia	57
Eurest (Australia) Licence Holdings PTY Ltd	Australia	57
Eurest (Australia) PTY Ltd	Australia	57
Heritage Catering & Services PTY Ltd	Australia	57
LAPG Education PTY Ltd	Australia	57
LAPG PTY Ltd	Australia	57
Life's A Party Group PTY Ltd	Australia	57
Life's A Party PTY Ltd	Australia	57
Omega Security Services PTY Ltd	Australia	57
Restaurant Associates (Australia) PTY Ltd	Australia	57
Sargem PTY Ltd	Australia	57
Level 4, 369 Royal Parade, Parkville Victoria 3052, Australia		
Eurest (Australia) – Victoria PTY Ltd	Australia	57
Level 22, 135 King Street, Sydney NSW 2000, Australia		
MBM Integrated Services Pty (ii)	Australia	57
Ground Floor 35 – 51 Mitchell Street, McMahons Point NSW 2060, Australia		
ESS Eastern Guruma PTY Ltd	Australia	34
ESS Gumala PTY Ltd	Australia	34
ESS NYFL PTY Ltd	Australia	34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
Level 3, 12 Newcastle Street, East Perth, WA, 6004, Australia		
ESS Kokatha PTY Ltd (ii)	Australia	34
Level 3, 12 Newcastle Street, Perth 6000, Australia		
ESS Thalanyji PTY Ltd	Australia	34
ESS Larrakia PTY Ltd	Australia	28
Lvl 46, 19-29 Martin Place, Sydney NSW, Australia		
Convention Centre Management PTY Ltd	Australia	23
AZ1010, Baku City, Yasamal District, jafar Jabbarli, House 44, Caspian Plaza, Baku 1065, Azerbaijan		
ESS LLC (i)	Azerbaijan	50
ESS Support Services LLC	Azerbaijan	50
1 Main Street, General Delivery, Gull Bay, Ontario, P0T 1P0, Canada		
Amik Catering LP (ix)	Canada	49
Clearwater River Dene Nation Reserve No. 222, P.O. Box 5050, Clearwater, Saskatchewan, S0M 3H0, Canada		
Clearwater Catering Limited (iii)(iv)(v)(vi)	Canada	49
1 Prologis Boulevard, Suite 400, Mississauga, Ontario, L5W 0G2, Canada		
Compass Group Sports and Entertainment – (Quebec) (ix)	Canada	67
ECC – ESS Support Services (ix)	Canada	50
Dease River – ESS Support Services (ix)	Canada	49
Dene West Limited Partnership (ix)	Canada	49
ECC – Mi'kmaq Support Services (ix)	Canada	49
ESS – DNDC Support Services (ix)	Canada	49
ESS – Duncan's and Paddle Prairie Support Services (ix)	Canada	49
ESS – East Arm Camp Services (ix)	Canada	49
ESS – Kaatodh Camp Services (ix)	Canada	49
ESS – Loon River Support Services (ix)	Canada	49
ESS – Missanabie Cree Support Services (ix)	Canada	49
ESS – Na Cho Nyak Dun Camp Services (ix)	Canada	49
ESS – Ochapowace Support Services (ix)	Canada	49
ESS – Pessamit Camp Services (ix)	Canada	49
ESS – Wapan Manawan Services de Soutien (ix)	Canada	49
KDM – ESS Support Services (ix)	Canada	49
ESS Duncan's Support Services (ix)	Canada	49
ESS Haisla Support Services (ix)	Canada	49
ESS HLFN Support Services (ix)	Canada	49
ESS KNRA Support Services (ix)	Canada	49
ESS Komatik Support Services (ix)	Canada	49
ESS Liard First Nation Support Services (ix)	Canada	49
ESS McKenzie Support Services (ix)	Canada	49
ESS Okanagan Indian Band Support Services (ix)	Canada	49
ESS Tataskweyak Camp Services (ix)	Canada	49
ESS/Bushmaster Camp Services (ix)	Canada	49
ESS/Fort a la Corne Support Services (ix)	Canada	49
ESS/McLeod Lake Indian Band Support Services (ix)	Canada	49
ESS/Mosakahiken Cree Nation Support Services (ix)	Canada	49
ESS/Nuvumiut Support Services (ix)	Canada	49
ESS/Takla Lake Support Services (ix)	Canada	49
ESS/WEDC Support Services (ix)	Canada	49
First North Catering (ix)	Canada	49
Mi'Kmaq-ECC Nova Scotia Support Services (ix)	Canada	49

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FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
1 Prologis Boulevard, Suite 400, Mississauga, Ontario, L5W 0G2, Canada		
Naskapi Traiteur S.E.C. (ix)	Canada	49
Popular Point Camp Services (ix)	Canada	49
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada		
Labrador Catering Inc	Canada	49
Labrador Catering LP (ix)	Canada	49
Naskapi Catering Inc (iii)	Canada	24
P.O. Box 5111, Kawawachikamach, Quebec, G0G 2Z0, Canada		
Naskapi Catering Inc LP (ix)	Canada	24
Room 234, No.195, Bong Xing Road, Pudong New District, China		
Shanghai ESS Support Services Co., Ltd. (ii)	China	83
FO-110, Torshavn, Faroe Islands		
P/F Eurest Føroyar	Denmark	53
9 Damascus St, Mohandessin – Giza, Egypt		
Compass Egypt for Hotel & Food Services SAE (i)	Egypt	50
Schutterwälder Straße 1, 77656, Offenburg, Germany		
Akzente Catering Offenburg GmbH	Germany	74
Carl-Zeiss-Straße 37, 55129, Mainz, Germany		
HSW Hausirtschaftsdienste Süd-West GmbH	Germany	49
Steenbeker Weg 25, 24106, Kiel, Germany		
Lubinus – orgaMed Steriglut GmbH	Germany	49
Room 805, 8/F, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong		
Encore Catering Ltd	Hong Kong	99
Seiwa Ikebukuro Building, 3-13-3, Higashi-Ikebukuro, Toshima-ku, Tokyo, 170-0013, Japan		
Chiyoda Kyushoku Services Co., Ltd	Japan	90
118, Yatsurugi 2-chome, Moriyama-ku, Nagoya-City, Aichi-Prefecture, 463-0022, Japan		
Seiyo General Food Co., Ltd	Japan	50
060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506. Kazakhstan		
Compass Kazakhstan LLP (i)	Kazakhstan	60
64 Old Airport Road, Atyrau, 060011, Kazakhstan		
Too Eurest Support Services Company B LLP (i)	Kazakhstan	50

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FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
19, Rue Léon Laval, L-3372 Leudelange, Luxembourg		
Automat' Services SARL	Luxembourg	92
Eurest Luxembourg S.A.	Luxembourg	92
IMMO Capellen S.A.	Luxembourg	92
Innoclean S.A.	Luxembourg	92
Novelia Senior Services S.A.	Luxembourg	93
10A Rue Henri Schnadt, L-2530, Luxembourg		
Geria SA	Luxembourg	23
Level 18 The Gardena North Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur, 59200, Malaysia		
Restomas Sdn. Bhd. (i)(ii)	Malaysia	70
EM-SSIS Services Sdn. Bhd. (ii)	Malaysia	42
Urusan Bakti Sdn. Bhd. (ii)	Malaysia	35
#C-G-03, Blok C, Tropez Residen, Persiaran Danga Perdana, 80200 Johor Bharu, Malaysia		
Knusford Compass Sdn. Bhd.	Malaysia	49
51/52 II Piazetta, Valletta, Malta		
Eurest (Malta) Ltd (ii)(iii)	Malta	51
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands		
Compass Group International Coöperatief W.A. (ix)	Netherlands	100
Compass Group International Coöperatief 2 W.A. (ix)	Netherlands	100
Compass Group International Coöperatief 3 W.A. (ix)	Netherlands	100
Compass Group International Finance C.V. (i)(ix)	Netherlands	100
Okesnoyveien 16, 1366, Lysaker, 1366, Norway		
Forplejningstjenester A/S	Norway	33.33
c/o Scandic Hotels AS, Karenslyst allé 11, 0278, Oslo, Norway		
Gress-Gruppen A/S	Norway	33.33
1st Floor, Danaya Haus, Gabaka Street, Gordons, National Capital District, Papua New Guinea		
Eurest OKAS Catering Ltd (ii)	Papua New Guinea	55
Eurest Lotic (PNG) JV Ltd (ii)	Papua New Guinea	50
2 Floor, Al Mana Commercial Tower, C-Ring road, Doha, P O BOX 22481, Qatar		
Compass Catering Services LLC (i)	Qatar	20
PO Box 31952, Al Khobar 31685 KSA, Saudi Arabia		
Compass Arabia LLC (i)	Saudi Arabia	30
Calle R, s/n, Mercapalma, 07007 Palma de Mallorca, Baleares, Spain		
Levy Compass Group Holdings, S.L.	Spain	49
Calle Frederic Mompou 5, planta 5a, Edificio Euro 3, 08960, San Just Desvern, Barcelona, Spain		
Medirest Social Residencias, S.L.U.	Spain	49
Calle Pinar de San Jose 98, Planta 1a, 28054, Madrid, Spain		
Gourmet on Wheels, S.L.U.	Spain	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

31 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP INTERNATIONAL B.V. CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, England, United Kingdom		
Compass Group Finance No. 3 Ltd (i)	UK	62
Office No. 204, Mawilah, Al Sharjah, P O Box: 1897, United Arab Emirates		
Abu Dhabi National Hotels – Compass LLC (i)	UAE	50
Abu Dhabi National Hotels Company Building, Sheikh Rashid Bin Saeed Al Maktoum Street, Abu Dhabi, United Arab Emirates		
Abu Dhabi National Hotels Compass Caterers LLC (i)	UAE	50
Abu Dhabi National Hotels Compass Middle East LLC (i)	UAE	50
The Owner Saeed Ahmed Ghobash, Oud Metha Street Bur Dubai, P.O. BOX 31769 Dubai, United Arab Emirates		
Abu Dhabi National Hotels – Compass Emirates LLC (i)	UAE	50
Office No. 1 SH. Hamdan Bin Mohamed Building, Hamdan bin Mohamed St., Abu Dhabi, United Arab Emirates		
Compass LLC (i)	UAE	50
801 Adial Stevenson Drive, Springfield, IL 62703, Unites States of America		
Levy Restaurants Limited Partnership	USA	49

NOTES

Unless otherwise stated, indirectly owned by Compass Group International B.V., active status and ordinary shares issued.

In some of the jurisdictions where we operate, share classes are not defined and in these instances, for the purposes of disclosure, we have classified these holdings as ordinary.

A number of the companies listed are legacy companies which no longer serve any operational purpose.

CLASSIFICATIONS KEY

(i) Directly owned by Compass Group International B.V.
(ii) Dormant/non-trading
(iii) A Ordinary shares
(iv) B Ordinary shares
(v) C Ordinary and/or Special shares
(vi) D, E and/or F Ordinary shares
(vii) Preference including cumulative, non-cumulative and redeemable shares
(ix) No share capital, share of profits

PARENT COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPASS GROUP INTERNATIONAL B.V.	NOTES	TOTAL 2017 €M	TOTAL 2016 €M
Dividend income from subsidiaries		**590**	215
Operating costs		**(1)**	–
Operating profit		**589**	215
Profit on disposal of businesses		–	450
Impairment subsidiaries	3	**(117)**	(52)
Finance income		**40**	131
Finance costs		**(30)**	(121)
Profit before tax		**482**	623
Income tax expense	2	**(1)**	–
Profit for the year		**481**	623
ATTRIBUTABLE TO			
Equity shareholders of the Company		**481**	623

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPASS GROUP INTERNATIONAL B.V.

	Attributable to equity shareholders of the Company			
	SHARE CAPITAL €M	SHARE PREMIUM ACCOUNT €M	RETAINED EARNINGS €M	TOTAL €M
At 1 October 2016	**5**	**2,024**	**338**	**2,367**
Profit for the year	–	–	**481**	**481**
Total comprehensive (loss)/income for the year	–	–	**481**	**481**
Repayment of share premium to shareholder	–	**(266)**	–	**(266)**
	5	**1,758**	**819**	**2,582**
Dividends paid to shareholders (note 11)	–	–	**(339)**	**(339)**
At 30 September 2017	**5**	**1,758**	**480**	**2,243**

COMPASS GROUP INTERNATIONAL B.V.

	Attributable to equity shareholders of the Company			
	SHARE CAPITAL €M	SHARE PREMIUM ACCOUNT €M	RETAINED EARNINGS €M	TOTAL €M
At 1 October 2015	5	2,024	323	2,352
Profit for the year	–	–	623	623
Total comprehensive (loss)/income for the year	–	–	623	623
Repayment of share premium to shareholder	–	–	–	–
	5	2,024	946	2,975
Dividends paid to shareholders (note 11)	–	–	(608)	(608)
At 30 September 2016	5	2,024	338	2,367

PARENT COMPANY BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPASS GROUP INTERNATIONAL B.V.	NOTES	2017 €M	2016 €M
NON-CURRENT ASSETS			
Investments in subsidiaries	3	**2,918**	2,944
Receivables from Group undertakings	4	**1,174**	2,291
Non-current assets		**4,092**	5,235
CURRENT ASSETS			
Receivables from Group undertakings	4	**722**	440
Deferred tax asset		**1**	–
Tax recoverable		**1**	–
Cash and cash equivalents	5	**22**	31
Current assets		**746**	471
Total assets		**4,838**	5,706
CURRENT LIABILITIES			
Payables to Group undertakings	4	**(1,850)**	(1,464)
Trade and other payables	9	**(3)**	(1)
Current liabilities		**(1,853)**	(1,465)
NON-CURRENT LIABILITIES			
Payables to Group undertakings	4	–	(1,874)
Long term borrowings	8	**(742)**	–
Non-current liabilities		**(742)**	(1,874)
Total liabilities		**(2,595)**	(3,339)
Net assets		**2,243**	2,367
EQUITY	6		
Share capital		**5**	5
Share premium account		**1,758**	2,024
Retained earnings		**480**	338
Total equity		**2,243**	2,367

Approved by the Board of Directors on 21 March 2018 and signed on its behalf by

P.N. Frans, Director
H.A.M. Troost-Bosboom, Director

PARENT COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPASS GROUP INTERNATIONAL B.V.	NOTES	2017 €M	2016 €M
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit		**481**	623
Adjustment for intra-group dividends paid by transfer of receivables		**(157)**	(121)
Adjustment for:			
Result on sale of subsidiaries		–	(450)
Net impairment (income) / expenses	3	**117**	52
Net financial (income) / expenses		**(10)**	(10)
Corporate income tax expenses	2	**1**	–
Change in trade and other receivables		**1**	1
Change in trade and other payables		**(1)**	–
Interest / Preferred coupon paid		–	(117)
Tax paid		**(3)**	(1)
Net cash from operating activities		**429**	(23)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associated undertakings [1]		**(8)**	–
Interest received		**8**	126
Net cash used in investing activities		–	126
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in borrowings	8	**742**	–
Increase in receivables – related parties		**(1,251)**	(105)
Decrease in receivables – related parties		7	20
Increase in borrowings – related parties		**391**	9
Repayment of share premium		**(6)**	–
Equity dividends paid		**(320)**	–
Net cash used in financing activities		**(437)**	(76)
CASH AND CASH EQUIVALENTS			
Net increase / (decrease) in cash and cash equivalents		**(8)**	27
Cash and cash equivalents at beginning of the year		**31**	5
Currency translation (losses)/gains on cash and cash equivalents		**(1)**	(1)
Cash and cash equivalents at end of the year	5	**22**	31

[1]Net of cash acquired or disposed and payments received or made under warranties and indemnities.

PARENT COMPANY ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2017

INTRODUCTION

Compass Group International B.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Laarderhoogtweg 11, 1101 DZ Amsterdam. The Company is registered at the Chamber of Commerce in Amsterdam under registration number 33216017. The main activities of the Company are that of an intermediate holding company involved in acquiring participations in different companies active in the food-service industry and providing financing to Group Companies.

Following inclusion in the programme the Company no longer uses the consolidation exemption which has been in place until the financial year ending 30 September 2016. Therefore, the consolidated figures for the Company in these financial statements are included for the first time covering the Company's underlying subsidiaries, associates and joint ventures. Furthermore, the Company is now subject to listing rules of the London Stock Exchange.

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

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION

The separate financial statements (hereafter "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and in accordance with Article 362 sub 9 of Part 9 of Book 2 of the Netherlands Civil Code. The financial statements were authorised by the Board of Directors on 21 March 2018 for issue.

These financial statements have been prepared on the historical cost basis and on the going-concern basis. This is discussed in the Directors' report on page 2.

CHANGE IN ACCOUNTING POLICIES

The Company has consistently applied the accounting policies to all periods presented in these financial statements. During the financial year, the Company has adopted minor improvements to existing IFRS and interpretations with no impact on its result or financial position.

B CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

INVESTEMENTS IN SUBSIDIARIES AND RELATED PARTIES BALANCES

For impairment testing, the investments and loans and other amounts receivable are grouped together into countries that generates cash inflows and that are largely independent of the cash inflows of other countries.

The recoverable amount of a country is the greater of its value while being part of the Compass Group and its investment value less costs to sell. Value while being part of the Compass Group is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the country.

An impairment loss is recognised when the carrying amount of an asset or a country exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. The Company assesses in subsequent financial periods, whether indications exist that impairment losses previously recognised may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that country is recalculated and its carrying amount is increased to the revised recoverable amount. The reversal is recognised in profit or loss. A reversal is recognised only if it arises from a change in the assumptions used to calculate the recoverable amount and to the extent that the country's carrying amount does not exceed the cost of the investment or loan or amounts receivable if no impairment loss had been recognised.

C INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are valued at cost less impairment losses.

For common control transactions the Company has elected the following accounting policies for similar common control transactions. For most similar upstream transactions the Company applies fair value accounting as if it had been carried out in an orderly manner between market participants. For downstream transactions in which the Company exchanges investments for equity in the same country the Company typically applies book value accounting in which the book value is the carrying amount of the subsidiary in the books of the Company. For other downstream transactions the Company typically applies fair value accounting.

D FOREIGN CURRENCY

The Company's financial statements are presented in euros, which is the Company's functional currency. All financial information presented in euro's has been rounded to the nearest million, except when otherwise indicated.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items in a foreign currency that are measured based on historical cost are not translated.

PARENT COMPANY ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

E DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established and when it is more likely than not that the dividend will be received.

F FINANCE INCOME AND FINANCE COSTS

The Company's finance income and finance costs include:

- financial income;
- financial expenses;

Interest income or expenses are recognised in the income statement in the period in which they are earned or incurred.

G INCOME TAX

Until 21 December 2016 the Company was part of a fiscal unity. Until this date the corporate income tax is accounted for by the head of the fiscal unity. Therefore no corporate income taxes are accounted for by the Company in respect of the period until 21 December 2016. The head of the fiscal unity did not charge the corporate income taxes to the entities included in the fiscal unity. The Company is jointly and severally liable for the income tax debts incurred by that fiscal unity.

As per 21 December 2016 the Company is the head of a(nother) fiscal unity for corporate income tax purposes. The corporate income tax for all entities included in the fiscal unity is accounted for by the Company and is not charged by the Company to the entities included in the fiscal unity. Also as from 21 December 2016 the Company is jointly and severally liable for all income tax debts of the fiscal unity.

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted in respect of that period by the balance sheet date. Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset realised.

H FINANCIAL AND NON-FINANCIAL ASSETS

NON-DERIVATIVE FINANCIAL ASSETS

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security;
- observable data indicating that there is measurable decrease in expected cash flows from a Company of financial assets.

NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

PARENT COMPANY ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

I FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities denominated in foreign currency are translated into euro at period end exchange rates. Gains and losses are dealt with through the income statement.

The Company initially recognises loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

LOANS AND RECEIVABLES

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

NON-DERIVATIVE FINANCIAL LIABILITIES

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

SHARE CAPITAL

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Preference shares

The Company's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

N SEGMENTAL REPORTING

The intermediate holding activities are treated as one geographical segment. Financial information for the Company is provided to the Board of Directors on a currency by currency basis. As a result, no geographical segmental reporting is provided by the Company.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 EMPLOYEE BENEFIT EXPENSES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2017 NUMBER	2016 NUMBER
Total	**9**	11

AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS	2017 €M	2016 €M
Wages and salaries	**1.1**	1.1
Social security costs	**0.1**	0.1
Pension costs	**0.1**	0.1
Other employee benefits	**0.0**	0.0
Total	**1.3**	1.3

All employees of the Company are working in the Netherlands.

2 INCOME TAXES

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE	2017 €M	2016 €M
CURRENT TAX		
Current year	**(2)**	–
Adjustment in respect of prior years	–	–
Current tax expense	**(2)**	–
DEFERRED TAX		
Current year	–	–
Recognition of previously unrecognised tax losses	**1**	–
Adjustment in respect of prior years	–	–
Deferred tax expense	**1**	–
TOTAL INCOME TAX		
Income tax expense	**(1)**	–

RECONCILIATION OF EFFECTIVE TAX RATE:	2017 €M	2016 €M
Profit before tax	**482**	623
Notional income tax expense at the effective statutory rate of 25% on profit before tax	**(120)**	(156)
Tax allocated to the head of fiscal unity[1]	**1**	156
Permanent differences	**113**	–
Tax credits	**4**	–
Recognition deferred tax asset on carry forward losses	**1**	–
Withholding taxes	–	–
Income tax expense	**(1)**	–

[1] Until 21 December 2016 the Company was part of a fiscal unity. Until this date the corporate income tax is accounted for by the head of the fiscal unity. Therefore no corporate income taxes are accounted for by the Company in respect of the period until 21 December 2016. The head of the fiscal unity did not charge the corporate income taxes to the entities included in the fiscal unity. The Company is jointly and severally liable for the income tax debts incurred by that fiscal unity.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	2017 €M	2016 €M
COST		
At 1 October	**3,205**	3,196
Additions and capital injections	**147**	615
Disposals, restructurings and other movements	**(56)**	(606)
At 30 September	**3,296**	3,205
PROVISIONS		
At 1 October	**(261)**	(209)
Impairment loss	**(127)**	(58)
Reversal of impairment loss	**10**	6
At 30 September	**(378)**	(261)
NET BOOK VALUE		
At 30 September	**2,918**	2,944

The principal subsidiary undertakings are listed in note 31 to the consolidated financial statements.

The additions and disposals are mainly due to changes in the group structure.

Following the annual impairment calculations that incorporated market and business developments, based upon the expected future cash flows from the various subsidiaries, the Company recognised an impairment loss of €127 million relating to investments in four different subsidiaries. The value in use for these subsidiaries was calculated with a discount rate varying from 8.3% to 9.7%. Further, the Company also decided that the expected future cash flows for one subsidiary has increased and therefore resulted in a reversal of a prior year impairment loss of €10 million.

4 RELATED PARTY BALANCES AND TRANSACTIONS

30 SEPTEMBER 2017	RECEIVABLES			PAYABLES		
	CURRENT €M	NON-CURRENT €M	TOTAL €M	CURRENT €M	NON-CURRENT €M	TOTAL €M
GROUP UNDERTAKINGS						
Loans[1]	**24**	**1,174**	**1,198**	**(1,813)**	–	**(1,813)**
Deposits[1]	**677**	–	**677**	**(30)**	–	**(30)**
Trading accounts[1]	**5**	–	**5**	–	–	–
Accrued interest	**16**	–	**16**	**(7)**	–	**(7)**
	722	**1,174**	**1,896**	**(1,850)**	–	**(1,850)**

[1] Categorised as 'other financial liabilities'(IAS39)

30 SEPTEMBER 2016	RECEIVABLES			PAYABLES		
	CURRENT €M	NON-CURRENT €M	TOTAL €M	CURRENT €M	NON-CURRENT €M	TOTAL €M
GROUP UNDERTAKINGS						
Loans[1]	9	2,291	2,300	(1,423)	–	(1,423)
Redeemable preference shares[1]	–	–	–	(1)	(1,874)	(1,875)
Deposits[1]	404	–	404	(30)	–	(30)
Trading accounts[1]	11	–	11	–	–	–
Accrued interest	16	–	16	(10)	–	(10)
	440	2,291	2,731	(1,464)	(1,874)	(3,338)

[1] Categorised as 'other financial liabilities'(IAS39)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 RELATED PARTY BALANCES AND TRANSACTIONS CONTINUED

	RECEIVABLES		PAYABLES	
MATURITY PROFILE OF GROUP UNDERTAKINGS (EXCLUDING ACCRUED INTEREST)	2017 €M	2016 €M	2017 €M	2016 €M
Within 1 year, or on demand	**706**	424	**(1,843)**	(1,454)
Between 1 and 2 years	**41**	19	**–**	(16)
Between 2 and 3 years	**14**	375	**–**	(356)
)Between 3 and 4 years	**247**	14	**–**	(9)
Between 4 and 5 years	**11**	1,134	**–**	(915)
In more than 5 years	**861**	749	**–**	(578)
	1,880	2,715	**(1,843)**	(3,328)

30 SEPTEMBER 2017

	RECEIVABLES		PAYABLES	
CARRYING VALUE AND FAIR VALUE OF GROUP UNDERTAKINGS (EXCLUDING ACCRUED INTEREST)	CARRYING VALUE €M	FAIR VALUE €M	CARRYING VALUE €M	FAIR VALUE €M
Loans	**1,198**	**1,206**	**(1,813)**	**(1,813)**
Deposits	**677**	**677**	**(30)**	**(30)**
Trading accounts	**5**	**5**	**–**	**–**
	1,880	**1,888**	**(1,843)**	**(1,843)**

30 SEPTEMBER 2016

	RECEIVABLES		PAYABLES	
CARRYING VALUE AND FAIR VALUE OF GROUP UNDERTAKINGS (EXCLUDING ACCRUED INTEREST)	CARRYING VALUE €M	FAIR VALUE €M	CARRYING VALUE €M	FAIR VALUE €M
Loans	2,300	2,456	(1,423)	(1,424)
Redeemable preference shares	–	–	(1,875)	(2,036)
Deposits	404	404	(30)	(30)
Trading accounts	11	11	–	–
	2,715	2,871	(3,328)	(3,490)

During the year ended 30 September 2017, no redeemable preference shares were issued (2015-2016: nil). The redeemable preference shares are mandatorily redeemable at par on various dates and the Company is obliged to pay holders of these shares annual dividends depending on the class of shares on various dates until and including on maturity.

On 21 December 2016, the Company went through a financial restructuring.

As a result of this restructuring the Company repaid and cancelled all outstanding preferred shares by transferring the corresponding loans receivable from related parties, including accrued interest, to Compass Group International Coöperatief W.A. This resulted in a reduction of the total assets and liabilities of €2,014 million. Further, the Company reduced its ordinary equity for an amount of €259 million by transferring loans receivable from related parties, including accrued interest, to Compass Group International Coöperatief W.A. and reduced equity for an amount of €6 mio by a cash repayment to Compass Group International Coöperatief W.A. In addition, the Company received new loan funding from a related party amounting to €353 million for which it re-acquired the loans receivable from related parties, including accrued interest, from Compass Group International Coöperatief W.A.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 RELATED PARTY BALANCES AND TRANSACTION CONTINUED

RECEIVABLES FROM GROUP UNDERTAKINGS ANALYSED BY CURRENCY (EXCLUDING ACCRUED INTEREST)	REDEEMABLE	INTEREST	2017 CARRYING VALUE €M	2016 CARRYING VALUE €M
FIXED RATES OF INTEREST				
Euro	2017-2047	0% – 2.32%	**949**	242
Australian Dollar	2023	5.46%	**40**	41
US Dollar			**–**	1,783
Other			**–**	–
			989	2,066
FLOATING RATES OF INTEREST				
Euro	2017-2025	0% – 2%	**809**	596
Australian Dollar			**–**	–
US Dollar	2019	2.8% – 3.3%	**29**	–
Other	2017-2022	0% – 9.4%	**53**	53
			891	649
TOTAL BY CURRENCY				
Euro			**1,758**	838
Australian Dollar			**40**	41
US Dollar			**29**	1,783
Other			**53**	53
			1,880	2,715

PAYABLES TO GROUP UNDERTAKINGS ANALYSED BY CURRENCY (EXCLUDING ACCRUED INTEREST)	REDEEMABLE	INTEREST	2017 CARRYING VALUE €M	2016 CARRYING VALUE €M
FIXED RATES OF INTEREST				
Euro	2017	0%	**(1,643)**	(1,375)
Australian Dollar	2017	0%	**(40)**	(40)
US Dollar	2017	0%	**(1)**	(1,783)
Other	2017	0%	**(52)**	–
			(1,736)	(3,198)
FLOATING RATES OF INTEREST				
Euro	2019-2023	0% – 1%	**(78)**	(78)
Australian Dollar			**–**	–
US Dollar	2019	2.2% – 2.5%	**(29)**	–
Other			**–**	(52)
			(107)	(130)
TOTAL BY CURRENCY				
Euro			**(1,721)**	(1,453)
Australian Dollar			**(40)**	(40)
US Dollar			**(30)**	(1,783)
Other			**(52)**	(52)
			(1,843)	(3,328)

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 10.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5 CASH AND CASH EQUIVALENTS

	2017 €M	2016 €M
Cash at bank and in hand	**22**	31
Cash and cash equivalents	**22**	31

All cash and cash equivalents are freely available to the Company.

6 CAPITAL AND RESERVES

Share capital

Ordinary shares

The Company's authorised ordinary share capital consists of ordinary shares with a nominal value each of €1. As at 30 September 2017 5,447,200 ordinary shares were issued and fully paid up (2015-2016: 5,447,200). All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Preferred shares

Preferred shareholders participate only to the extent of the face value of the shares, which is a nominal value of €1.

Preferred shares are issued to the shareholder of the Company in certain cases when the Company issues a loan in a non-EUR denominated currency towards a subsidiary or Compass Group company. The class calculation amount (amount paid in addition to the nominal value of the share) is denominated in the same currency as the loan and bears a non-discretionary coupon interest.

Preferred shares are classified as liabilities and disclosed in note 4.

Dividends

The following dividends were declared and paid by the Company:

DIVIDENDS ON ORDINARY SHARES	2017 €M	2016 €M
Total	**339**	608

7 CAPITAL MANAGEMENT

The Board of Director's policy is to maintain a strong capital base so as to sustain future development of the business.

For capital management purposes, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents.

The Company's adjusted net debt to equity ratio at 30 September 2017 was as follows:

	2017 €M	2016 €M
Total liabilities	**2,595**	3,339
Less: cash and cash equivalents	**(22)**	(31)
Adjusted net debt	**2,573**	3,308
Equity	**2,243**	2,367
Adjusted net debt to equity ratio	**1.15**	1.40

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 LOANS AND BORROWINGS

NON-CURRENT LIABILITIES	2017 €M	2016 €M
Bond note	**(742)**	–
Total	**(742)**	–

TERMS AND REPAYMENT SCHEDULE	REDEEMABLE	INTEREST	2017 CARRYING VALUE €M	2017 FAIR VALUE €M	2016 CARRYING VALUE €M	2016 FAIR VALUE €M
€750m Eurobond	Jul 2024	0.63%	**(742)**	**(743)**	–	–
			(742)	**(743)**	–	–

On 3 July 2017 the Company was added as an issuer to Compass Group PLC's Euro Medium Term Note programme (the "programme"). The proceeds received by the Company from noteholders under the programme were lent to Compass Group PLC under an inter-company loan which stipulates that any interest received from such loan is used by the Company to fund payments due to noteholders. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme.

9 CURRENT LIABILITIES

	2017 €M	2016 €M
Bond note interest payable	**(1)**	–
Trade and other payables	**(2)**	(1)
Total	**(3)**	(1)

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 10.

10 FINANCIAL INSTRUMENTS

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value.

	CARRYING VALUE			FAIR VALUE	
30 SEPTEMBER 2017	LOANS AND RECEIVABLES €M	OTHER FINANCIAL LIABILITIES VENTURES €M	TOTAL €M	FAIR VALUE €M	TOTAL €M
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE					
Receivables from Group undertakings at fixed rates	**986**	–	**986**	994	994
Receivables from Group undertakings at variable rates	**892**	–	**892**	892	892
Cash and cash equivalents	**22**	–	**22**	–	–
	1,900	–	**1,900**	1,886	1,886
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE					
Bond note at fixed rate	–	**(742)**	**(742)**	(743)	(743)
Interest free loans towards Group undertakings	–	**(1,736)**	**(1,736)**	(1,736)	(1,736)
Payables to Group undertakings at variable rates	–	**(107)**	**(107)**	(107)	(107)
	–	**(2,585)**	**(2,585)**	(2,586)	(2,586)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 FINANCIAL INSTRUMENTS CONTINUED

All fair value calculations are determined by level 2 inputs as defined by the fair value hierarchy of IFRS 13 Fair Value measurement.

	CARRYING VALUE			FAIR VALUE	
30 SEPTEMBER 2016	LOANS AND RECEIVABLES €M	OTHER FINANCIAL LIABILITIES VENTURES €M	TOTAL €M	FAIR VALUE €M	TOTAL €M
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE					
Receivables from Group undertakings at fixed rates	**2,024**	–	**2,024**	2,188	2,188
Receivables from Group undertakings at variable rates	**683**	–	**683**	683	683
Cash and cash equivalents	**31**	–	**31**	–	–
	2,738	–	**2,738**	2,871	2,871
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE					
Redeemable preference shares at fixed rate	–	**(1,824)**	**(1,824)**	(1,985)	(1,985)
Redeemable preference shares at variable rate	–	**(51)**	**(51)**	(51)	(51)
Interest free loans towards Group undertakings	–	**(1,375)**	**(1,375)**	(1,375)	(1,375)
Payables to Group undertakings at variable rates	–	**(78)**	**(78)**	(78)	(78)
	–	**(3,328)**	**(3,328)**	(3,489)	(3,489)

All fair value calculations are determined by level 2 inputs as defined by the fair value hierarchy of IFRS 13 Fair Value measurement.

CAPITAL RISK MANAGEMENT

The Company manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of cash and cash equivalents as disclosed in note 5; debt, which includes the borrowings disclosed in note 4 and 8; and equity attributable to equity shareholders of the Company, comprising issued share capital, share premium, reserves and retained earnings as disclosed in the parent company statement of changes in equity.

FINANCIAL MANAGEMENT

The Company continues to manage its interest rate and foreign currency exposure in accordance with the policies set out below. The Company's financial instruments comprise cash, borrowings from external counterparties and Group undertakings, receivables and payables that are used to finance the Company's operations.

LIQUIDITY RISK

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due.

The Company finances its operations through cash generated by the business and borrowings from a number of sources including the bank, the public markets as well as borrowing from Group undertakings.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Group aims to maintain the level of cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next 60 days and the amount of guarantees issued to subsidiaries for cash overdrafts and any guarantees that can be directly called upon by the counterparty.

The interest free loan to related parties which is presented under short term liabilities consists mainly of a loan in a partnership for which the Company is its general partner for €1,353 million (2016: €1,345 million) . Therefore any requests for payment of this liability can be settled by a repayment of capital from the partnership. Further, a related party issued interest free loans in various currencies to the Company for an amount of €351 million (2016: €nil). These loans are guaranteed by a security agreement between Hospitality Holdings Ltd and the Company which, subject to an equity at risk amount of €17 million, ensures that the Company is protected when it is requested to repay the loan funding. As security for this protection, the Company has pledged its receivables in so far as related to the loan funding.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 FINANCIAL INSTRUMENTS CONTINUED

Exposure to liquidity risk

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and excluding the impact of netting agreements:

	2017						
FINANCIAL ASSETS	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
FIXED INTEREST							
Receivables from Group undertakings	**3**	–	–	**201**	–	**782**	**986**
Fixed interest asset	**3**	–	–	**201**	–	**782**	**986**
FLOATING INTEREST							
Receivables from Group undertakings	**701**	**41**	**14**	**46**	**11**	**79**	**892**
Cash and cash equivalents	**22**	–	–	–	–	–	**22**
Floating interest asset	**723**	**41**	**14**	**46**	**11**	**79**	**914**
OTHER							
Receivables from Group undertakings	**18**	–	–	–	–	–	**18**
Short term assets	**2**	–	–	–	–	–	**2**
Other assets	**20**	–	–	–	–	–	**20**
Total financial assets	**746**	**41**	**14**	**247**	**11**	**861**	**1,920**

	2017						
PRINCIPAL AND INTEREST MATURITY	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Total financial assets	**746**	**41**	**14**	**247**	**11**	**861**	**1,920**
Less: cash and cash equivalents and other assets	**(22)**	–	–	–	–	–	**(22)**
Repayment of principal	**724**	**41**	**14**	**247**	**11**	**861**	**1,898**
Interest cash flows on receivables	**13**	**13**	**12**	**12**	**7**	**133**	**190**
Repayment of principal and interest	**737**	**54**	**26**	**259**	**18**	**994**	**2,088**

	2016						
FINANCIAL ASSETS	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
FIXED INTEREST							
Receivables from Group undertakings	3	–	356	–	1,088	577	2,024
Fixed interest asset	3	–	356	–	1,088	577	2,024
FLOATING INTEREST							
Receivables from Group undertakings	413	19	19	15	46	171	683
Cash and cash equivalents	31	–	–	–	–	–	31
Floating interest asset	444	19	19	15	46	171	714
OTHER							
Receivables from Group undertakings	24	–	–	–	–	–	24
Short term assets	–	–	–	–	–	–	–
Other assets	24	–	–	–	–	–	24
Total financial assets	471	19	375	15	1,134	748	2,762

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 FINANCIAL INSTRUMENTS CONTINUED

	2016						
PRINCIPAL AND INTEREST MATURITY	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Total financial assets	471	19	375	15	1,134	748	2,762
Less: cash and cash equivalents and other assets	(55)	–	–	–	–	–	(55)
Repayment of principal	416	19	375	15	1,134	748	2,707
Interest cash flows on receivables	116	116	111	97	83	68	591
Repayment of principal and interest	532	135	486	112	1,217	816	3,298

	2017						
FINANCIAL LIABILITIES	**LESS THAN 1 YEAR €M**	**BETWEEN 1 AND 2 YEARS €M**	**BETWEEN 2 AND 3 YEARS €M**	**BETWEEN 3 AND 4 YEARS €M**	**BETWEEN 4 AND 5 YEARS €M**	**OVER 5 YEARS €M**	**TOTAL €M**
FIXED INTEREST							
€750m Eurobond 2024	–	–	–	–	–	**(742)**	**(742)**
Payables to Group undertakings	**(1,736)**	–	–	–	–	–	**(1,736)**
Fixed interest liability	**(1,736)**	–	–	–	–	**(742)**	**(2,478)**
FLOATING INTEREST							
Payables to Group undertakings	**(107)**	–	–	–	–	–	**(107)**
Floating interest liability	**(107)**	–	–	–	–	–	**(107)**
OTHER							
Short term liabilities	**(10)**	–	–	–	–	–	**(10)**
Other liability	**(10)**	–	–	–	–	–	**(10)**
Gross debt	**(1,853)**	–	–	–	–	**(742)**	**(2,595)**

	2017						
PRINCIPAL AND INTEREST MATURITY	**LESS THAN 1 YEAR €M**	**BETWEEN 1 AND 2 YEARS €M**	**BETWEEN 2 AND 3 YEARS €M**	**BETWEEN 3 AND 4 YEARS €M**	**BETWEEN 4 AND 5 YEARS €M**	**OVER 5 YEARS €M**	**TOTAL €M**
Gross debt	**(1,853)**	–	–	–	–	**(742)**	**(2,595)**
Less: Overdrafts	–	–	–	–	–	–	–
Repayment of principal	**(1,853)**	–	–	–	–	**(742)**	**(2,595)**
Interest cash flows on debt	**(5)**	**(5)**	**(5)**	**(5)**	**(5)**	**(9)**	**(34)**
Repayment of principal and interest	**(1,858)**	**(5)**	**(5)**	**(5)**	**(5)**	**(751)**	**(2,629)**

	2016						
FINANCIAL LIABILITIES	LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
FIXED INTEREST							
Redeemable preferred shares	–	–	(356)	–	(890)	(578)	(1,824)
Payables to Group undertakings	(1,375)	–	–	–	–	–	(1,375)
Fixed interest liability	(1,375)	–	(356)	–	(890)	(578)	(3,199)
FLOATING INTEREST							
Redeemable preferred shares	(1)	(16)	–	(9)	(25)	–	(51)
Payables to Group undertakings	(78)	–	–	–	–	–	(78)
Floating interest liability	(79)	(16)	–	(9)	(25)	–	(129)
OTHER							
Short term liabilities	(11)	–	–	–	–	–	(11)
Other liability	(11)	–	–	–	–	–	(11)
Gross debt	(1,465)	(16)	(356)	(9)	(915)	(578)	(3,339)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 FINANCIAL INSTRUMENTS CONTINUED

PRINCIPAL AND INTEREST MATURITY	2016 LESS THAN 1 YEAR €M	BETWEEN 1 AND 2 YEARS €M	BETWEEN 2 AND 3 YEARS €M	BETWEEN 3 AND 4 YEARS €M	BETWEEN 4 AND 5 YEARS €M	OVER 5 YEARS €M	TOTAL €M
Gross debt	(1,465)	(16)	(356)	(9)	(915)	(578)	(3,339)
Less: Overdrafts	–	–	–	–	–	–	–
Repayment of principal	(1,465)	(16)	(356)	(9)	(915)	(578)	(3,339)
Interest cash flows on debt	(104)	(104)	(99)	(85)	(72)	(60)	(524)
Repayment of principal and interest	(1,569)	(120)	(455)	(94)	(987)	(638)	(3,863)

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial assets and liabilities held for risk management purposes and which usually are not closed out before contractual maturity.

The future cash flows on the non-EUR denominated financial assets and liabilities may be different from the amount in the above table as exchange rates or the relevant conditions underlying the contingency change. Except for these financial assets and liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

FOREIGN CURRENCY RISK

The Company's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into euro. Non-euro earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given and will continue to give rise to translation differences. The Company is only partially protected from the impact of such differences through the matching of cash flows to currency borrowings.

The main currencies to which the Company's reported euro financial position is exposed are the US dollar and the Australian dollar. As set out above, the Company seeks to economically hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Company's assets in such currencies. Therefore, derivatives are not required to be entered into and hedge accounting is not applied in these circumstances. The Company's investments in subsidiaries are not hedged.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2017				2016			
	EUR €M	**USD €M**	**AUD €M**	**OTHER €M**	EUR €M	USD €M	AUD €M	OTHER €M
Loans receivable from Group undertakings	**1,753**	**32**	**40**	**53**	827	1,786	41	53
Bond note payable	**(742)**	**–**	**–**	**–**	–	–	–	–
Loans payable to Group undertakings	**(1,721)**	**(30)**	**(40)**	**(52)**	(1,453)	–	–	–
Redeemable preference shares	**–**	**–**	**–**	**–**	–	(1,783)	(41)	(51)
Net exposure	**(710)**	**2**	**–**	**1**	(626)	3	–	2

The significant exchange rates that have been applied during the year are recorded in note 30 to the consolidated financial statements.

Sensitivity analysis

The effect on profit after tax and equity of a 10% strengthening of euro against these currencies on the Company's financial statements is not material, considering the change in exchange rates occurred on the first day of the financial year and applied consistently throughout the year and assumes that all other variables, in particular interest rates, remain constant. A 10% weakening would result in an equal and opposite impact on the profit or loss and equity of the Company.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE RISK

As set out above, the Company has effective borrowings in a number of currencies and the policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Company implements this policy by borrowing fixed rate where it is beneficial to do so.

The interest rate profile of the Company's interest-bearing financial instruments as reported to management of the Company is as follows:

	2017 €M	2016 €M
FIXED RATE INSTRUMENTS		
Receivables from Group undertakings	**986**	2,024
Bond note	**(742)**	–
Redeemable preference shares	–	(1,834)
Loans and borrowings payable to Group undertakings	**(1,736)**	(1,345)
	(1,492)	(1,155)
VARIABLE RATE INSTRUMENTS		
Receivables from Group undertakings	**892**	683
Redeemable preference shares	–	(51)
Loans and borrowings payable to Group undertakings	**(107)**	(108)
	785	524

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Company's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be a loss of €8 million (2016: loss of €5 million) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

These changes are the result of the exposure to interest rates from the Company's floating rate cash and cash equivalents and debt. The sensitivity gains and losses given above may vary because cash flows vary throughout the year and the Company monitors the impact of this closely in order to implement its policies to reduce the exposure to interest rates.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

30 SEPTEMBER 2017	PROFIT OR LOSS 100 BASIS POINTS INCREASE €M	100 BASIS POINTS DECREASE €M
Variable rate instruments	**8**	**(8)**
Cash flow sensitivity (net)	**8**	**(8)**

30 SEPTEMBER 2016	PROFIT OR LOSS 100 BASIS POINTS INCREASE €M	100 BASIS POINTS DECREASE €M
Variable rate instruments	5	(5)
Cash flow sensitivity (net)	5	(5)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 FINANCIAL INSTRUMENTS CONTINUED

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from Group undertakings.

The carrying amount of financial assets represents the maximum credit exposure:

	2017 €M	2016 €M
Receivables from Group undertakings	**1,896**	2,731
Cash and cash equivalents	**22**	31
Total	**1,918**	2,762

Loans and receivables

The Company granted loans to Group undertakings of €1,896 million at 30 September 2017 (30 September 2016: €2,731 million). The loans to Group undertakings can be split as follows:

	2017 €M	2016 €M
Loans to Group undertakings in North America	**5**	1,790
Loans to Group undertakings in Europe	**1,800**	880
Loans to Group undertakings in Rest of the World	**91**	61
	1,896	2,731

Cash and cash equivalents

The Company held cash and cash equivalents of €22 million at 30 September 2017 (30 September 2016: €31 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A- to A based on rating agency Standard & Poor ratings.

Loans and payables

On 21 December 2016, the Company went through a financial restructuring.

As a result of this restructuring the USD denominated loans receivable from related parties, including accrued interest, were transferred to Compass Group International Coöperatief W.A. Further, the Company repaid and cancelled all outstanding preferred shares. This resulted in a reduction of the total assets and liabilities of €1.8 billion. In addition, the Company received new loan funding from a related party amounting to €353 million. A related transaction resulted in a reduction in equity of a similar amount.

Also on 21 December 2016, the limited recourse, security and guarantee agreement ended. A security agreement was signed effective as per the same date between Hospitality Holdings Ltd and the Company which, subject to an equity at risk amount of €17 million, ensures that the Company is protected when it is requested to repay the new loan funding. As security for this protection, the Company has pledged its receivables in so far as related to the new loan funding.

MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates– will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company implements this policy by borrowing fixed rate where it is beneficial to do so.

11 LIST OF SUBSIDIARIES

A full list of subsidiaries of the Company is included in the consolidated accounts (see note 31 of the consolidated financial statements).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 CONTINGENCIES

A subsidiary of the Company is involved in legal proceedings incidental to the nature of its business. Where appropriate, provisions are made to cover any potential losses.

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Company related thereto, in the opinion of the Board of Directors, any losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Company. The timing of the settlement of these proceedings or claims is uncertain.

13 RELATED PARTIES

PARENT AND ULTIMATE CONTROLLING PARTY

At 21 December 2016, 100% of the Company's shares were acquired by Compass Overseas Holdings Ltd. and Compass Overseas Holdings No. 2 Ltd., each for 50%. The ultimate parent of the Company is Compass Group PLC, a company incorporated in England and Wales.

TRANSACTIONS

Transactions with related parties occur when a relationship exists between the Company, its participating interests, directors and key management personnel (and their close family members) and the (ultimate) parent company (and entities that they control).

Unless disclosed differently, there were no transactions with related parties that were not on a commercial basis.

As disclosed in the financial statements, balances and transactions exist with related parties. Main transactions are disclosed in note 11 to the consolidated financial statements.

14 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

15 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2017 €M	2016 €M
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**138**	119

[1]Excludes post-employment obligations and borrowings (including finance and operating leases) recorded on the balance sheet.

The Company has, in the normal course of business, given various guarantees in respect of subsidiaries' own contracts. Where the Company enters into such guarantees it does so in order to provide assurance to the beneficiary that the subsidiary will fulfil its contractual obligations.

FISCAL UNITY OBLIGATIONS

Until 21 December 2016 the Company was part of a fiscal unity. The Company is jointly and severally liable for all income tax debts incurred by this fiscal unity until 21 December 2016. As per 21 December 2016 the Company itself became the head of a(nother) fiscal unity and the Company is jointly and severally liable for all income tax debts of this fiscal unity as well.

The Company constitutes a tax entity with Compass Group International Coöperatief W.A. and Compass Group Vending Holding B.V. for value added tax purposes; the standard conditions prescribe that all companies of the tax entity are liable for all value added tax payable.

16 FEES OF THE AUDITOR

Based on Article 382.a sub 3 of the Netherlands Civil Code, the Company has not included information on the fees for audit and non-audit services provided by KPMG Accountants N.V. and other firms belonging to the KPMG network as this information has been included in the consolidated financial statements of Compass Group PLC.

17 EMOLUMENTS OF DIRECTORS

The emoluments for managing directors, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in respect of 2016/2017 to the Company, are recorded in note 3 to the consolidated financial statements.

OTHER INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2017

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

In accordance with article 20 of the company's Articles of Association, the result is at the disposal of the General Meeting of Shareholders, only if the outstanding and due preferred coupon amounts are paid to the preferred shareholders and the loss of previous years which is not covered by a reserve, is fully absorbed.

PROPOSAL FOR PROFIT APPROPRIATION

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2016-2017 profit after tax: an amount of €481 million to be added to retained earnings.

The company can only make payments to the shareholders and other parties entitled to the distributable profit in so far as (1) the company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the company shall not approve the distribution.

AUDITOR'S REPORT

The Independent Auditor's Report is presented on page 6 to 13 of the annual report.