COMPASS
GROUP

ANNUAL REPORT 2016

WE ARE COMPASS

We provide great food and support services to millions of people around the world every day.

Our focused strategy continues to deliver shareholder value and we remain positive about the structural growth potential in food and support services globally.

STRATEGIC REPORT

CORPORATE GOVERNANCE

CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

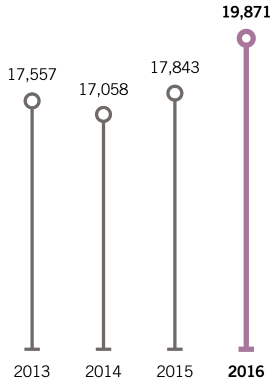
GLOSSARY

Visit our website for related information
www.compass-group.com

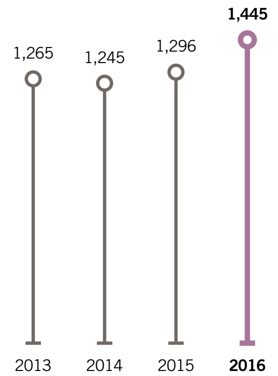
2016 HIGHLIGHTS

WE CONTINUE TO MAKE PROGRESS AGAINST OUR TARGETS

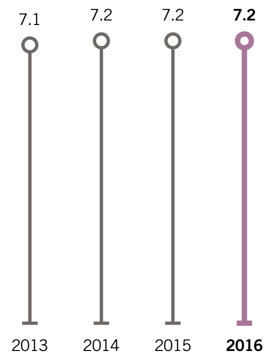
UNDERLYING REVENUE
£19,871m



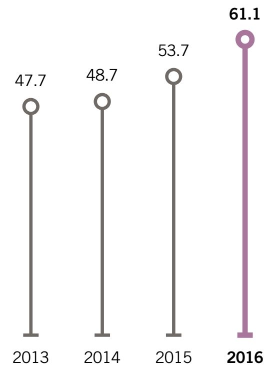
UNDERLYING OPERATING PROFIT
£1,445m



UNDERLYING OPERATING MARGIN
7.2%

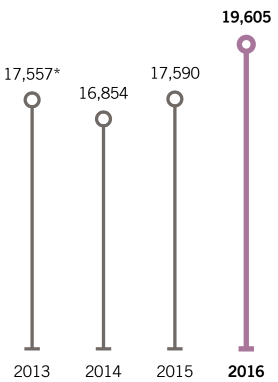


UNDERLYING BASIC EARNINGS PER SHARE
61.1p

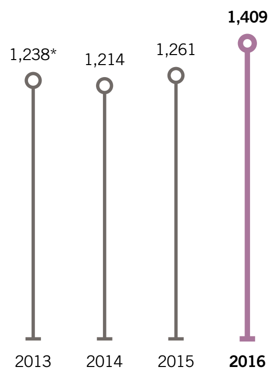


Throughout the Strategic Report, and consistent with prior years, underlying measures are used to describe the Group's performance. These are not recognised under IFRS or other generally accepted accounting principles (GAAP). The Executive Board of the Group manages and assesses the performance of the business on these measures and believes they are more representative of ongoing trading, facilitate meaningful year on year comparisons and hence provide more useful information to shareholders. All underlying measures are defined in the glossary of terms on page 172. A summary of the adjustments from statutory to underlying results is shown on page 21 and further detailed in the consolidated income statement (page 90), reconciliation of free cash flow (page 95), note 1, segmental reporting (pages 102 to 105) and note 5, tax (pages 109 and 110).

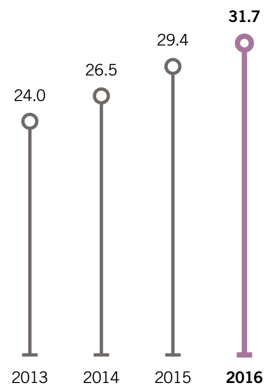
STATUTORY REVENUE
£19,605m



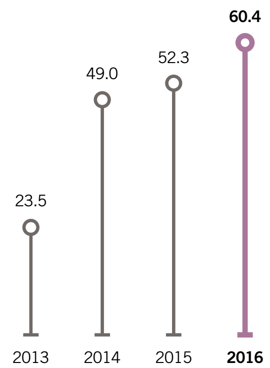
STATUTORY OPERATING PROFIT
£1,409m



DIVIDEND PER SHARE
31.7p



STATUTORY BASIC EARNINGS PER SHARE
60.4p



* Results are stated prior to the restatement due to the change in the accounting treatment of joint ventures in accordance with IFRS 11.

'A SAFE PLACE TO WORK' YOUR VOICE SURVEY 2016
91%

(of participants)

CARBON DISCLOSURE PROJECT SCORE 2016
Leadership A-

(2015: 97B)

CODE OF BUSINESS CONDUCT APPROVED SUPPLIER SIGNATORIES CONTRACTED DURING 2016
100%

(2015: 100%)

WOMEN IN GLOBAL LEADERSHIP TEAM
26%

(2015: 23%)

WE ARE COMPASS

WE ARE FOCUSED ON FOOD

Food is our core competence and we pride ourselves on our ability to provide clients with a wide range of innovative dining solutions

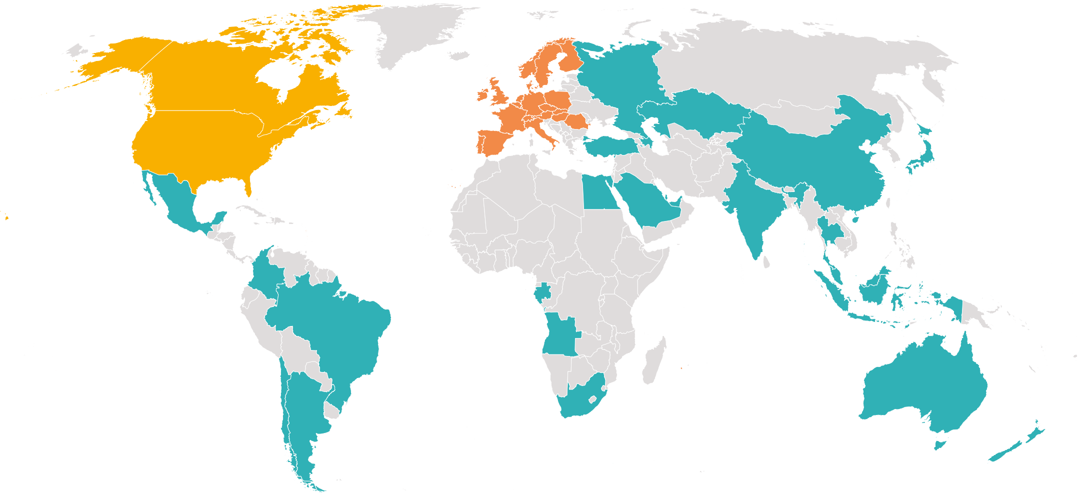
WE OPERATE IN OVER
50
COUNTRIES

WE WORK IN OVER
50,000
CLIENT LOCATIONS

WE EMPLOY OVER
500,000
GREAT PEOPLE

WE SERVE OVER
5 BILLION
MEALS A YEAR

WE HAVE GLOBAL REACH



NORTH AMERICA
UNDERLYING REVENUE
£11,198m
(2015: £9,361m)
56%
of Group total

EUROPE
UNDERLYING REVENUE
£5,458m
(2015: £5,192m)
28%
of Group total

REST OF WORLD
UNDERLYING REVENUE
£3,215m
(2015: £3,290m)
16%
of Group total

WE ARE COMPASS

WE HAVE A SECTORISED APPROACH

We differentiate ourselves by sectorising and sub-sectorising our business. This enables us to get closer to our clients and consumers to create innovative, bespoke offers that best meet their needs and requirements

BUSINESS & INDUSTRY

38% of Group underlying revenue

We provide a choice of quality, nutritious and well balanced food for employees during their working day. In addition, where clients seek broader service offerings, we can deliver a range of support services to the highest standard, and at the best value.

HEALTHCARE & SENIORS

23% of Group underlying revenue

We are specialists in helping hospitals in the public and private sectors on their journey of managing efficiency and enhancing quality across a range of food and support services. We have an increasing presence in the growing senior living market.

EDUCATION

18% of Group underlying revenue

From kindergarten to college, we provide fun, nutritious dining solutions that help support academic achievement at the highest levels. We educate young people on how to have a happy, safe and healthy lifestyle while contributing to a sustainable world.

SPORTS & LEISURE

12% of Group underlying revenue

Operating at some of the world's most prestigious sporting and leisure venues, exhibition centres, visitor attractions and major events, we have an enviable reputation for providing outstanding hospitality and true service excellence.

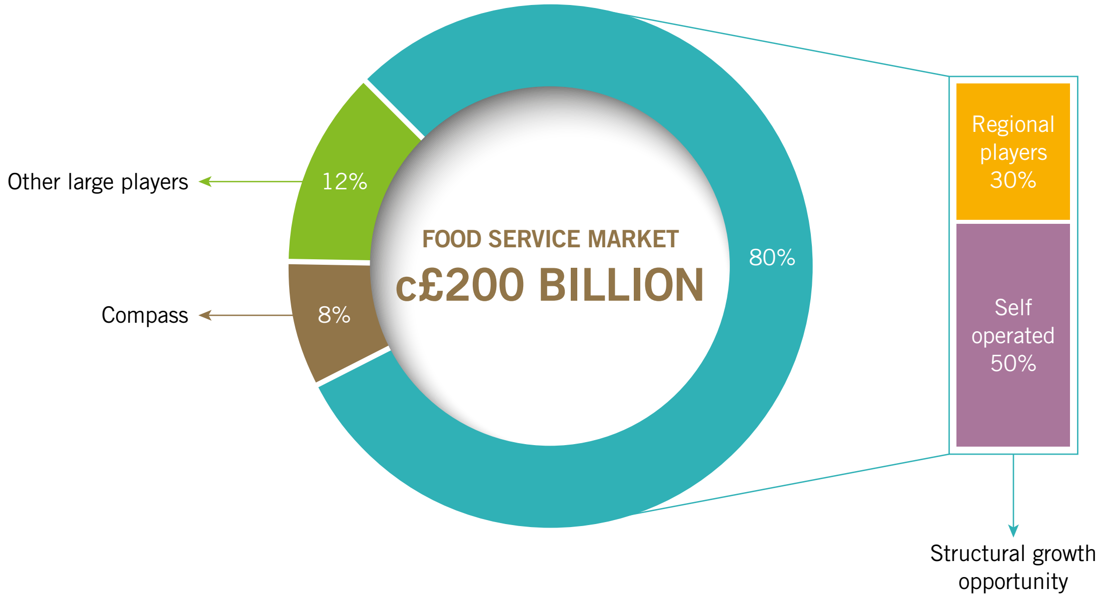
DEFENCE, OFFSHORE & REMOTE

9% of Group underlying revenue

Through our established health and safety culture, we are a market leader in providing food and support services to major companies in the oil and gas and mining and construction industries. For our defence sector clients, we are a partner that runs efficient operations outside areas of conflict.

WE SEE A SIGNIFICANT STRUCTURAL GROWTH OPPORTUNITY...

The addressable food service market is estimated to be worth over £200 billion and, with 80% of the market serviced by regional players or in-house providers, we are in a strong position to capitalise on this structural growth opportunity



Numbers relating to market size and penetration rates are based on management estimates and a range of external data.

WE ARE COMPASS

...ACROSS OUR SECTORS AND MARKETS

The market for food and support services continues to offer significant growth potential as we drive outsourcing and deliver a strong proposition across our sectors and regions

Compass provides outsourced food and support services in a market worth over £400 billion (comprising approximately £200 billion food service and £200 billion support services) across over 50 countries. The five sectors in which Compass operates are Business & Industry; Healthcare & Seniors; Education; Defence, Offshore & Remote and Sports & Leisure. All five sectors continue to offer significant opportunities for growth.

Food service remains at the core of the Compass offer. Business & Industry accounts for around half of this value, and this important sector continues to offer attractive growth opportunities. In more developed markets where outsourcing rates are routinely in excess of 60%, our combination of scale, efficiencies and first class service delivery supports continued revenue growth. In more emerging markets, outsourcing rates are still only around 10%, providing an enormous opportunity for future growth in our core sector.

The Healthcare & Seniors and Education sectors also continue to grow, with less than half of the addressable global market currently outsourced. We are developing operational excellence in areas such as our proposition for hospital visitors and nutritional meal planning in schools and, by sharing this expertise, we can better serve our clients and consumers across multiple markets.

The Defence, Offshore & Remote sector offers significant opportunities to build lasting strategic relationships with large local and international operators. Creating strong client relationships allows us to respond positively to tougher market conditions, for example, in the basic commodities sector where we have leveraged our cost base and changed our offer to meet our clients' needs and have retained business in the face of real budgetary pressure.

Sports & Leisure is a highly outsourced sector with a global outlook in which we benefit from our strong reputation across key markets.

Support services remains an important market for Compass, particularly in Healthcare & Seniors and Defence, Offshore & Remote. In these sectors, we are recognised for fulfilling the needs of clients who require excellent services without compromising on quality.

In all the markets and regions in which Compass operates, we continue to build our business and our reputation based on our ongoing focus on health and safety, the environment and our firm commitment to responsible corporate practices.

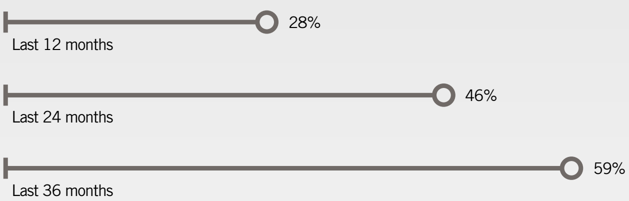
2016 has been another year of consistent performance for Compass, delivering sustainable organic revenue growth and returns for shareholders.

CONSISTENT PERFORMANCE

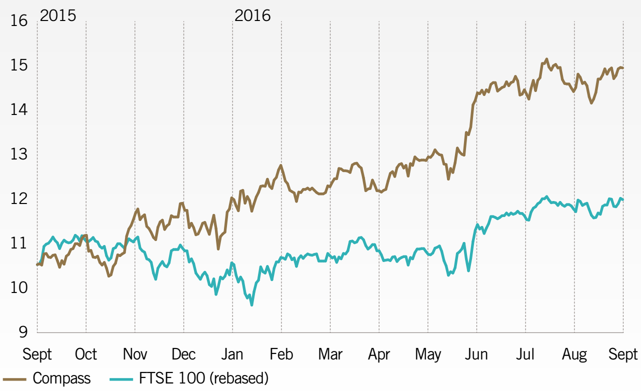
POSITION IN FTSE 100 INDEX AS AT 30 SEPTEMBER 2016 (2015: 25)

24

COMPASS SHARE PRICE PERFORMANCE V FTSE 100 OVER LAST 3 YEARS (%)



COMPASS SHARE PRICE PERFORMANCE V FTSE 100 INDEX (£)



I'm delighted to report another excellent year for Compass. We continue to pursue our clear and focused strategy, which has again delivered a strong performance for shareholders, and we remain positive about the future opportunities we see.

I'd like to take this opportunity to thank everyone who works for Compass for their hard work and dedication, which are fundamental to our ongoing success.

PERFORMANCE

Our commitment to generating sustainable organic growth by winning new contracts and retaining existing business remains. We have achieved excellent levels of organic growth in North America and we have continued to make good progress in Europe, following the return to growth last year. The economic environment in parts of our Rest of World region, particularly in the Offshore & Remote sector, is challenging but the non-commodity related business is performing well.

Our focus on embedding the Management and Performance (MAP) framework deeper into the organisation and generating efficiencies remains as strong as ever. This has enabled us to reinvest in the business to support growth and maintain the underlying margin in line with last year.

Richard talks more about the drivers of our performance on pages 10 and 11 of this Report.

SHAREHOLDER RETURNS

As a result of this strong performance, I'm pleased to announce that the Board has recommended a final dividend of 21.1 pence per share, which brings the total dividend for the year to 31.7 pence per share, an increase of 7.8% over the prior year. The final dividend will be paid to shareholders on 20 February 2017. During the year, we have also bought back 8.7 million shares for a total of £100 million.

Creating shareholder value is a key priority for the Group and, going forward, our priorities for how we use our cash remain unchanged. We will continue to invest in the business to support organic growth, grow the dividend in line with constant currency earnings per share and pursue small to medium sized infill acquisitions. We remain committed to maintaining strong investment grade credit ratings and will therefore continue to return any surplus cash to shareholders to target net debt/EBITDA of around 1.5x.

COMMITMENT TO CORPORATE RESPONSIBILITY

Corporate responsibility (CR) underpins our business, enabling us to achieve our strategic goals in a responsible and sustainable way. This year, we have refreshed our CR strategy to ensure that we are continuing to address the issues that are important to our stakeholders. In September 2015, the United Nations introduced their Sustainable Development Goals and we have identified six where we believe we can make the most positive social impact.

Our teams around the world continue to enhance the contributions we make. Our focus includes developing our people, the health and wellbeing of our consumers, the responsible use of resources and improving the integrity of our supply chain. This year, we were delighted to be included in Fortune Magazine's list of 50 Companies that Change the World, which recognises companies that make a positive social impact through their core business strategy. Our recent commitment to source 100% cage free eggs globally by 2025 is a good example of this in practice.

There is more information on our CR performance during the year in the CR section of this Report, which starts on page 30.

OUR VALUES

- OPENNESS, TRUST AND INTEGRITY
- PASSION FOR QUALITY
- WIN THROUGH TEAMWORK
- RESPONSIBILITY
- CAN DO SAFELY

LEADERSHIP AND BOARD CHANGES

As I wrote in my letter last year, Andy Martin stood down from the Board on 1 December 2015 after 11 years with the Group, initially as Group Finance Director and then as Group Chief Operating Officer, Europe & Japan. As a result of Andy's departure, Dominic Blakemore moved from his role as Group Finance Director to become Group Chief Operating Officer, Europe from 1 December 2015. Johnny Thomson succeeded Dominic as Group Finance Director from his position as Regional Managing Director of our business in Latin America and joined the Board on 1 December 2015.

After nine years' service, Sir Ian Robinson retired from the Board at the conclusion of the Annual General Meeting on 4 February 2016 and was succeeded by Don Robert as Senior Independent Director. On 5 May 2016, Stefan Bomhard was appointed as a non-executive director.

Susan Murray will step down from the Board at the conclusion of the Company's AGM on 2 February 2017, having served on the Board for just over nine years. Nelson Silva will succeed Susan as Chairman of the Corporate Responsibility Committee on the same day.

On behalf of the Board, I'd like to thank Andy, Sir Ian and Susan for their contribution and welcome Johnny and Stefan to the Board.

SUMMARY AND OUTLOOK

Compass has had another strong year. Performance in North America continues to be excellent, and we are pleased with our progress in Europe. In the Rest of World, the performance is mixed, with the impact of the cyclical downturn in our commodity related business offsetting reasonable progress elsewhere.

Our expectations for 2017 are positive, with growth weighted to the second half of the year. The pipeline of new contracts is good and our focus on organic growth, efficiencies and cash gives us confidence in another year of delivery.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, and continued returns.

Paul Walsh
Chairman
22 November 2016

OUR STRATEGY

A DISCIPLINED APPROACH TO GROWTH

1. FOCUS ON FOOD
2. INCREMENTAL APPROACH TO SUPPORT SERVICES
3. PRIORITISE ORGANIC GROWTH
4. BOLT-ON ACQUISITIONS
5. BEST-IN-CLASS EXECUTION

Food is our focus and our core competence. We take a pragmatic and incremental approach to support services, with strategies developed on a country by country basis.

Our priority is to capture the organic growth opportunities, as these yield the best returns. We will also invest in small to medium sized acquisitions, but only if they are attractive targets that have the right cultural fit and will enhance our portfolio.

We are committed to providing the best quality and value to our clients with best-in-class execution. We have increased our focus on innovation in our core food business to bring more variety and excitement to our offer as well as to improve our operations.

OUR BUSINESS MODEL

We drive organic growth by sectorising and sub-sectorising our business. This approach differentiates us, and allows us to get closer to our customers to create an innovative and bespoke offer that meets their needs. Organic growth is occasionally supplemented with small and medium sized acquisitions where they add capability or scale in our existing markets.

We focus on operational execution and generate efficiencies by optimising our supply chain and managing our food and labour costs. These efficiencies enable us to reinvest in the significant growth opportunities around the Group and improve margins.

Our organic revenue growth, the scale it creates and our focus on costs and efficiencies give us a competitive advantage. We can provide our clients and consumers the best value in terms of quality and cost and this, combined with sectorisation, helps drive organic revenue growth.

At the centre of it all are our people. They win new business, manage our units efficiently and effectively and bring innovative and high quality food and services to our clients.

HOW WE CREATE SHAREHOLDER VALUE

GROWTH	Our priority is organic growth and we continue to put focus and resources behind both MAP 1 (driving new business and retention), and MAP 2 (consumer sales).
MARGIN	We remain focused on costs and improving MAP 3 (cost of food), MAP 4 (in unit labour costs and overheads) and MAP 5 (above unit overheads). This generates operating efficiencies and enables us to improve margins.
INVESTMENT	We invest with discipline to support our organic growth. Capital expenditure tends to be between 2.5-3.0% of revenue. We also invest in infill acquisitions when they add capability or scale in an existing market and have returns that exceed the cost of capital by year two.
RETURNS TO SHAREHOLDERS	We create value for our shareholders by delivering a balanced package of progressive dividends which grow in line with constant currency earnings and returning any additional surplus capital to shareholders to maintain net debt/EBITDA at 1.5x.

UNDERPINNED BY OUR CULTURE

map

DRIVING ORGANIC TOPLINE GROWTH

MAP 1: CLIENT SALES AND MARKETING

We invest in sales and retention to win new business and retain our existing clients. We are increasingly sectorising and sub-sectorising the business around the world to allow us to get closer to our customers. This approach allows us to develop bespoke offers that best meet our clients' needs.

MAP 2: CONSUMER SALES AND MARKETING

Like for like revenue consists of both volume and price. It is heavily influenced both by the number of people at a client's site and by macroeconomic conditions. We are making good progress with intelligent marketing programmes and training schemes as we work hard to attract and satisfy our customer base with strong consumer propositions.

GENERATING EFFICIENCIES

MAP 3: COST OF FOOD

Food makes up around one third of our costs. In addition to the benefits of our scale in food procurement, we are able to manage food costs through careful menu planning and by rationalising the number of products we buy and the suppliers we buy from.

MAP 4: IN UNIT COSTS

In unit costs are made up predominantly of labour. We focus on getting the right people in the right place at the right time. By using labour scheduling techniques and improving productivity, we are able to deliver the optimum level of service in the most efficient way.

MAP 5: ABOVE UNIT OVERHEADS

Having reduced costs considerably when MAP was first introduced in 2006, by creating a simpler organisational model with fewer layers of management and less bureaucracy, we now strive to leverage those gains by maintaining costs at a constant level whilst we continue to grow revenue.

Compass' clear strategy and scale has led to another year of good growth.

DELIVERING GROWTH

HOW DID COMPASS PERFORM THIS YEAR?

Revenue for the Group increased by 5.0% on an organic basis. New business wins were 8.8% driven by strong MAP 1 (client sales and marketing) performance in most countries. Our retention rate was 94.1% as a result of our ongoing focus and investment. We aim to increase participation and spend through MAP 2 (consumer sales and marketing) initiatives. Like for like revenue growth of 2.1% reflected sensible price increases and modest volume improvement in North America offset by negative volumes in Rest of World.

The restructuring programme announced in July 2015 to reduce the cost base in our Offshore & Remote business and in some emerging markets is now complete and delivering the expected savings. Restructuring costs totalled £51 million (£25 million and £26 million charged in 2016 and 2015 respectively). These costs have been included in underlying Group operating profit.

Underlying operating profit increased by 5.6% on a constant currency basis. The underlying operating margin was flat, as we continue to drive efficiencies across the business using our Management and Performance (MAP) framework. We have maintained our focus on MAP 3 (cost of food) with initiatives such as menu planning and supplier rationalisation, as well as continually optimising MAP 4 (labour and in unit costs) and MAP 5 (above unit overheads). These efficiencies enabled us to invest to support the exciting growth opportunities we see around the world.

Returns to shareholders continue to be an integral part of our business model. The Group returned £596 million to shareholders in the year, £496 million by way of dividends and £100 million in share buybacks. Our leverage policy is to maintain strong investment grade credit ratings, returning any surplus cash to shareholders to target net debt to underlying EBITDA of around 1.5x.

WHAT IS THE GROUP'S STRATEGY?

Food is our focus and our core competence. The addressable food service market is estimated to be more than £200 billion. With only around 50% of the market currently outsourced, there is a significant structural growth opportunity. We believe the benefits of outsourcing become increasingly apparent as economic conditions and regulatory changes put pressure on organisations' budgets. As one of the largest providers in all of our sectors, we are well placed to benefit from these trends.

Our approach to support and multi services is low risk and incremental, with strategies developed on a country by country basis. This is a complex segment and there are significant differences in client buying behaviour across countries, sectors and sub-sectors. Our largest sector in this market is Defence, Offshore & Remote, where the model is almost universally multi service. In addition, we have an excellent support services business in North America and other selected countries.

WHAT IS THE GROUP'S GEOGRAPHIC SPREAD?

We have a truly international business, with operations in over 50 countries. We manage the business in three geographic regions.

North America (56% of underlying Group revenue) is the principal growth engine for the Group. The outsourcing culture is vibrant and the addressable market is significant. We have a market leading business, which delivers high levels of growth by combining a sectorised client facing approach with the cost advantage of our scale.

The fundamentals of our businesses in Europe (28% of underlying Group revenue) are good and we see many opportunities to drive revenue growth and margin improvement. We have invested in MAP 1 sales and retention to return the region to growth. This year, we have created nine new business units to leverage our scale in procurement, lower costs and speed up the sharing and implementation of best practices.

Rest of World (16% of underlying Group revenue) offers very good long term growth potential. Our largest markets are Australia, Japan and Brazil, and we are growing in India and China. Lower commodity prices and weak volumes have impacted our Offshore & Remote business. We have restructured our business to adapt to the changing market environment, and remain excited about the attractive long term growth prospects of the region.

WHAT ARE THE GROUP'S MAIN COMPETITIVE ADVANTAGES?

SECTORISED APPROACH

We segment the market and create sectors and sub-sectors to develop customised solutions that meet the requirements of a wide and growing range of clients and consumers. Our portfolio of B2B brands enables us to differentiate these propositions and maximise our market coverage.

SCALE

As we continue to grow, our increasing scale allows us to achieve our goal of being the lowest cost, most efficient provider of food and support services. Scale is a benefit in terms of food procurement, labour management and back office costs. It underpins our competitiveness and enables us to deliver sustainable growth over time.

MANAGEMENT AND PERFORMANCE (MAP) CULTURE

We speak one common MAP language. All our employees use this simple framework to drive performance across the business. It helps us focus on a common set of business drivers, whether it is winning new business in the right sector on the right terms (MAP 1), increasing our consumer participation and spend (MAP 2), reducing our food costs (MAP 3), or labour costs (MAPs 4 and 5).

WHAT ARE THE GROUP'S MAIN USES OF CASH AND BALANCE SHEET PRIORITIES?

The Group's cash flow generation remains excellent and it will continue to be a key part of the business model. Our priorities for how we use our cash remain unchanged. We will continue to: (i) invest in the business to support organic growth where we see opportunities with good returns; (ii) pursue M&A opportunities, our preference is for small to medium sized infill acquisitions, where we look for returns greater than our cost of capital by the end of year two; (iii) grow the dividend in line with constant currency earnings per share; and (iv) maintain strong investment grade credit ratings by returning any surplus cash to shareholders to target net debt/EBITDA of around 1.5x.

HOW WOULD YOU SUMMARISE 2016?

Compass has had another strong year. Performance in North America continues to be excellent, and we are pleased with our progress in Europe. In the Rest of World, the performance is mixed, with the impact of the cyclical downturn in our commodity related business offsetting reasonable progress elsewhere.

WHAT IS YOUR OUTLOOK FOR 2017?

Our expectations for 2017 are positive, with growth weighted to the second half of the year. The pipeline of new contracts is good and our focus on organic growth, efficiencies and cash gives us confidence in another year of delivery.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, and continued returns.

Richard Cousins
Group Chief Executive
22 November 2016

MEASURING PROGRESS

We track our performance against a mix of financial and non-financial measures, which we believe best reflect our strategic priorities of growth, efficiency and shareholder returns underpinned by safe and responsible working practices.

KPI METRICS

Our strategic priorities are driven by our goal to deliver shareholder value and we use a number of financial KPIs to measure our progress. Growing the business and driving ongoing efficiencies are integral to our strategy.

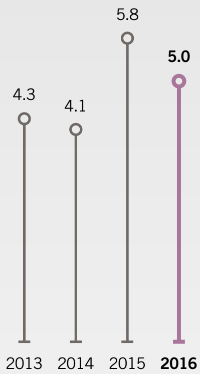
The importance of safety in everything we do is demonstrated by three non-financial performance indicators that we use across our global business.

STRATEGIC FINANCIAL

ORGANIC REVENUE GROWTH

5.0%

Organic revenue growth compares the underlying revenue delivered from continuing operations in the current year with that from the prior year, adjusting for the impact of acquisitions, disposals and exchange rate movements.



WHY WE MEASURE

Our organic revenue performance embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation.

UNDERLYING OPERATING MARGIN

7.2%

Underlying operating margin divides the underlying operating profit before share of profit of associates by the underlying revenue.

WHY WE MEASURE

The operating profit margin is an important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.

FINANCIAL

RETURN ON CAPITAL EMPLOYED (ROCE)

19.4%

ROCE divides the net operating profit after tax (NOPAT) by the 12 month average capital employed. NOPAT is calculated as underlying operating profit less operating profit of non-controlling interests, net of income tax at the underlying rate of the year.

WHY WE MEASURE

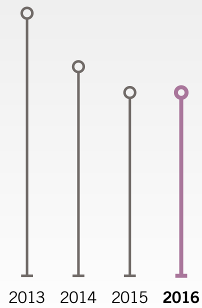
ROCE demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or infill acquisitions.

NON-FINANCIAL

HEALTH AND SAFETY LOST TIME INCIDENT FREQUENCY RATE PERFORMANCE

29.0%
reduction since 2013

Cases where one of our colleagues is away from work for one or more shifts as a result of a work related injury or illness.



WHY WE MEASURE

A reduction in lost time incidents is an important measure of the effectiveness of our Safety First culture. It also lowers rates of absenteeism and costs associated with work related injuries and illnesses.

The Group KPIs should be read in conjunction with the Strategy and Risk sections.

See pages 8 and 9 and 27 to 29 respectively

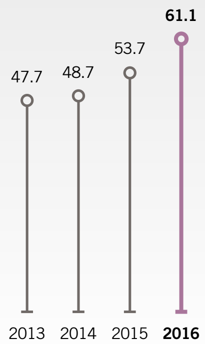
UNDERLYING BASIC EARNINGS PER SHARE

61.1p

Underlying basic earnings per share divides the underlying attributable profit by the weighted average number of shares in issue during the year.

WHY WE MEASURE

Earnings per share measures the performance of the Group in delivering value to shareholders.



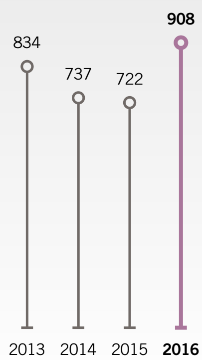
UNDERLYING FREE CASH FLOW

£908m

Measures cash generated by continuing operations, after working capital, capital expenditure, interest and tax but before acquisitions, disposals, dividends and share buybacks.

WHY WE MEASURE

Measures the success of the Group in turning profit into cash through the careful management of working capital and capital expenditure. Maintaining a high level of cash generation supports our progressive dividend policy.



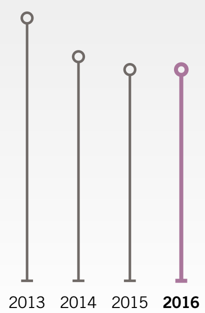
FOOD SAFETY
FOOD SAFETY INCIDENT RATE PERFORMANCE

19.0%
reduction since 2013

Cases of substantiated food safety incidents, including food borne illnesses.

WHY WE MEASURE

The Food Safety Incident Rate is a helpful measure of our ability to provide food that is safe and of the right quality to our consumers globally.



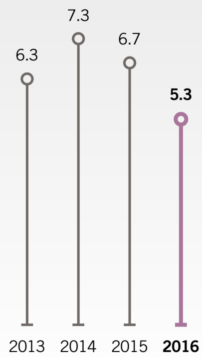
ENVIRONMENT
GHG INTENSITY RATIO

16.0%
reduction since 2013

GHG intensity ratio relating to the top 20 countries, which represent 94% of total Group revenue.

WHY WE MEASURE

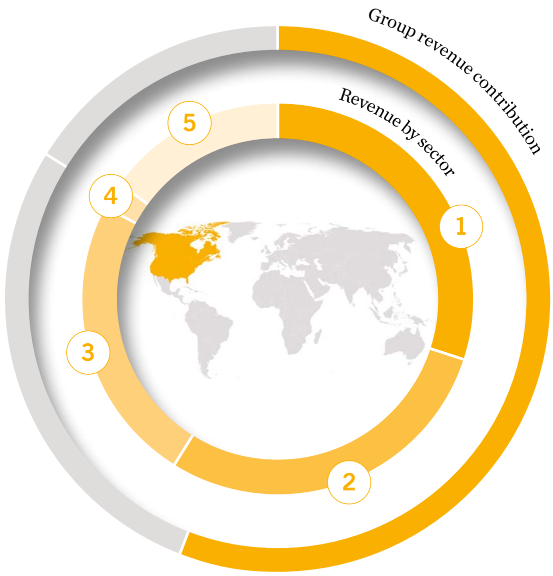
Since 2008, we have been focused on lowering our carbon emissions to reduce our impact on the environment and increase operational efficiency. We measure Greenhouse Gas emissions to assess our progress.



NORTH AMERICA

CORE GROWTH ENGINE

Our business in North America has had another strong year, with organic revenue growth of 8.1%, driven by new business wins and high retention rates.



KEY HIGHLIGHTS

UNDERLYING REVENUE
£11,198m
(2015: £9,361m)

UNDERLYING OPERATING PROFIT
£908m
(2015: £760m)

GROUP UNDERLYING REVENUE CONTRIBUTION
56%
(2015: 52%)

ORGANIC REVENUE GROWTH
+8.1%
(2015: +7.9%)

UNDERLYING OPERATING MARGIN
8.1%
(2015: 8.1%)

UNDERLYING REVENUE BY SECTOR

1. Business & Industry ... 30%
2. Healthcare & Seniors ... 29%
3. Education ... 24%
4. Defence, Offshore & Remote ... 2%
5. Sports & Leisure ... 15%

REGIONAL FINANCIAL SUMMARY

	UNDERLYING		CHANGE		
	2016	2015	REPORTED RATES	CONSTANT CURRENCY	ORGANIC
Revenue	**£11,198m**	£9,361m	19.6%	10.5%	8.1%
Operating profit	**£908m**	£760m	19.5%	10.3%	9.1%
Operating margin	**8.1%**	8.1%	–		
Region as a % of Group revenue	**56%**	52%			

Our business in North America has had another strong year, with organic revenue growth of 8.1%, driven by new business wins and high retention rates. We have seen good like for like revenue improvement across the region as we drive MAP 2 participation, with the exception of the Offshore & Remote sector where we are experiencing ongoing volume pressure.

In the Business & Industry sector, our sub-sectorisation provides high end/premium offers (for example Bon Appétit and Restaurant Associates), value offers (for example Canteen's vending business), and our core Eurest business. We have seen good levels of new business and positive like for like volumes in some of the sub-sectors. New contract wins include Coach, Inc and Oracle as well as adding new locations and services at LinkedIn.

Excellent organic revenue growth in the Healthcare & Seniors business was delivered through new contract wins where we are benefiting from accelerating rates of outsourcing and consolidation in the sector. Examples include Mountain States Health Alliance, where we have added additional business, Maricopa Integrated Health System and the McLaren Health Care Corporation.

The Education sector has seen increased levels of participation along with new business wins, including Furman University, Babson College and the DeSoto Independent Schools District.

We have delivered double digit organic revenue growth in our Sports & Leisure business with excellent retention and strong like for like revenues coming from additional playoff matches and increased spend per head. New business wins include the University of Notre Dame and Greater Columbus Convention Center and we have expanded our service offering at the Target Center.

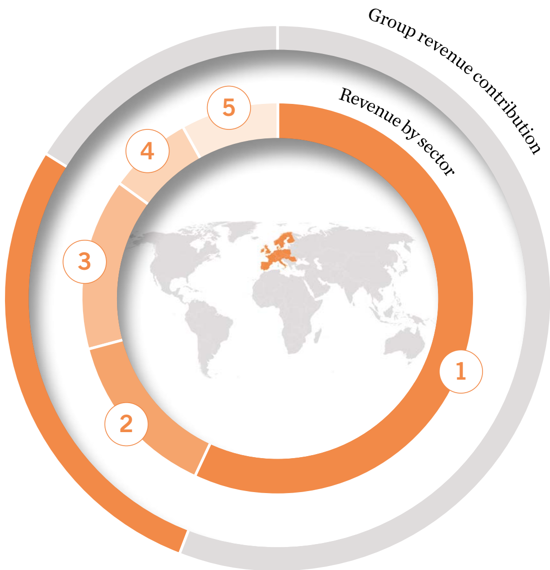
Low commodity prices continue to impact our Offshore & Remote business. Organic revenue declines of 16% result from business closures and lower volumes on site. However, we continue to win new business including contracts with CH2M Hill and ExxonMobil.

Underlying operating profit of £908 million increased by 10.3% (£85 million) on a constant currency basis. We incurred high levels of mobilisation costs with the top line growth, above average labour inflation and the dilutive impact of the first year of the CulinArt acquisition. These headwinds were offset by overhead leverage and ongoing efficiency initiatives across MAPs 3 and 4, resulting in a flat underlying operating margin.

EUROPE

ANOTHER GOOD YEAR

Europe grew organic revenue by 2.8%, the highest growth rate we have seen since 2008. This was driven by good levels of new business wins.



KEY HIGHLIGHTS

UNDERLYING REVENUE
£5,458m
(2015: £5,192m)

UNDERLYING OPERATING PROFIT
£394m
(2015: £374m)

GROUP UNDERLYING REVENUE CONTRIBUTION
28%
(2015: 29%)

ORGANIC REVENUE GROWTH
+2.8%
(2015: +2.2%)

UNDERLYING OPERATING MARGIN
7.2%
(2015: 7.2%)

UNDERLYING REVENUE BY SECTOR

1. Business & Industry ... 57%
2. Healthcare & Seniors ... 14%
3. Education ... 14%
4. Defence, Offshore & Remote ... 7%
5. Sports & Leisure ... 8%

REGIONAL FINANCIAL SUMMARY

	UNDERLYING		CHANGE		
	2016	2015	REPORTED RATES	CONSTANT CURRENCY	ORGANIC
Revenue	**£5,458m**	£5,192m	5.1%	2.7%	2.8%
Operating profit	**£394m**	£374m	5.3%	2.6%	2.6%
Operating margin	**7.2%**	7.2%	–		
Region as a % of Group revenue	**28%**	29%			

Prior year comparatives have been restated to reflect a change in the way the Region is managed.

Europe grew organic revenue by 2.8%, the highest growth rate we have seen since 2008. This was driven by good levels of new business wins. Like for like revenue was slightly positive due to some pricing and flat volumes. Our fourth quarter growth rate was impacted by the closure of some contracts and strong Sports & Leisure comparatives in the UK.

New business wins were strong in the UK, Nordics, BeNeLux, Iberia and Turkey. Some examples of wins include the Politieacademie in the Netherlands, AXA in Spain, Darussafaka in Turkey and the Aeroports de Paris and Macif in France. Contract extensions include Arcelor Mittal in Germany and BT and HSBC in the UK.

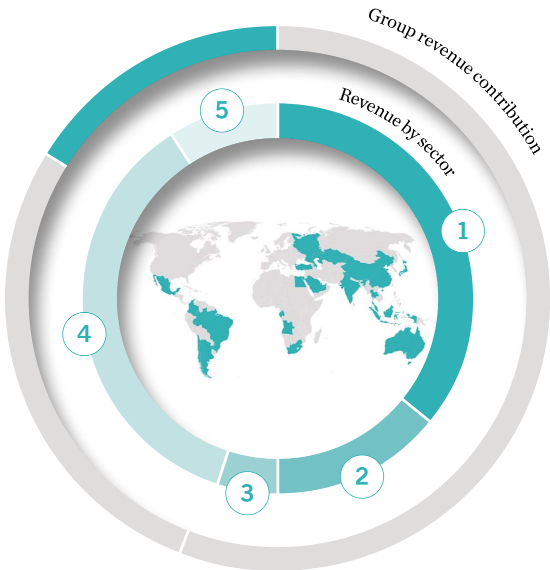
Like for like volumes were impacted by the timing of a number of sports events in the UK in the fourth quarter of 2015 and by weakness in the oil and gas business, where we have seen revenue declines of 25% in the year, and France which is still challenging.

Underlying operating profit grew by 2.6% (£10 million) on a constant currency basis, delivering a flat underlying operating margin at 7.2%. Our ongoing focus on pricing and operational efficiencies allowed us to reinvest in the business to support the higher levels of growth, absorb the impact of lower like for like volumes in the oil and gas business, offset minimum wage pressures across the region and cover the cost of creating nine sub-regional business units. This new structure will allow us to maximise our scale in procurement, leverage our overheads and speed up the sharing and implementation of best practices.

REST OF WORLD

CORE BUSINESS PERFORMING WELL

In the Rest of World region, organic revenue declined by 1.2%. Excluding the Offshore & Remote business, organic revenue grew by 3.6% while in the Offshore & Remote business, organic revenue declined by 10%.



KEY HIGHLIGHTS

UNDERLYING REVENUE
£3,215m
(2015: £3,290m)

UNDERLYING OPERATING PROFIT
£218m
(2015: £241m)

GROUP UNDERLYING REVENUE CONTRIBUTION
16%
(2015: 19%)

ORGANIC REVENUE GROWTH
-1.2%
(2015: +5.9%)

UNDERLYING OPERATING MARGIN
6.8%
(2015: 7.3%)

UNDERLYING REVENUE BY SECTOR
1. Business & Industry 36%
2. Healthcare & Seniors 14%
3. Education 5%
4. Defence, Offshore & Remote 36%
5. Sports & Leisure 9%

REGIONAL FINANCIAL SUMMARY

	UNDERLYING		CHANGE		
	2016	2015	REPORTED RATES	CONSTANT CURRENCY	ORGANIC
Revenue	£3,215m	£3,290m	(2.3)%	(1.9)%	(1.2)%
Operating profit	£218m	£241m	(9.5)%	(8.8)%	(7.9)%
Operating margin	6.8%	7.3%	(50)bps		
Region as a % of Group revenue	16%	19%			

Prior year comparatives have been restated to reflect a change in the way the Region is managed.

In the Rest of World region, organic revenue declined by 1.2%. Excluding the Offshore & Remote business, organic revenue grew by 3.6% while in the Offshore & Remote business, organic revenue declined by 10%.

In the non-Offshore & Remote business, good new business wins in Brazil, which include Centre Norte, Carrefour and Hospital Novo Metropolitano, have been offset by further negative like for like volumes as a result of a challenging macroeconomic environment. Across the rest of Latin America, we continue to see strong organic growth driven by contract wins including Hospital Britanico in Argentina, Jabil Chihuahua and Banco Santander in Mexico and San Vicente de Paul in Colombia.

We delivered modest growth in Japan with new contract wins including Yame City Health Promotion Facility and the Canon Headquarters. India and China continue to perform well with growth driven by contract wins such as TCS Mumbai and Flipkart in India, and Ant Financial and Yew Wah International School in China.

Across the Middle East, we saw good levels of new business including contracts with Abu Dhabi Water and Electricity Authority and Zakum Development Company in the UAE, Sidra Medical and Research Centre in Qatar and the Children's Cancer Hospital Foundation in Egypt.

In Australia, we have won business across all sectors including Riverview College, a prestigious school in Sydney, Melbourne Museum's cafés and special event catering, and a number of Seniors contracts including Aurrum and Baptist Care.

In the Offshore & Remote business, Australia saw organic revenue declines of 17%, as expected. Many construction contracts moved into their production phases and there are ongoing pricing pressures, site closures and lower volumes. We expect the current revenue decline to accelerate through 2017. Our other Offshore & Remote businesses in Latin America, Africa and Asia are facing similar pressures.

Underlying operating margins excluding Australia were flat. The savings from the restructuring programme announced in 2015, along with pricing and ongoing efficiencies, offset the impact of weak volumes in Brazil and our Offshore & Remote business. However, pricing pressures and site closures have reduced the profitability of our Australian business by £26 million. Underlying operating profit therefore declined by 8.8% (£21 million) on a constant currency basis, with the underlying operating margin down 50 basis points to 6.8%, in line with expectations.

2016 has been another strong year with good organic revenue growth of 5.0%, underlying margin delivery of 7.2% and an increase in free cash flow of 26%.

STRONG PERFORMANCE

BUSINESS REVIEW

FINANCIAL SUMMARY

	2016	2015	INCREASE/ (DECREASE)
Revenue			
Underlying at constant currency	**£19,871m**	£18,725m	6.1%
Underlying at reported rates	**£19,871m**	£17,843m	11.4%
Statutory	**£19,605m**	£17,590m	11.5%
Organic growth	**5.0%**	5.8%	
Total operating profit			
Underlying at constant currency	**£1,445m**	£1,368m	5.6%
Underlying at reported rates	**£1,445m**	£1,296m	11.5%
Statutory	**£1,409m**	£1,261m	11.7%
Operating margin			
Underlying at reported rates	**7.2%**	7.2%	–
Statutory	**7.1%**	7.1%	–
Profit before tax			
Underlying at constant currency	**£1,344m**	£1,260m	6.7%
Underlying at reported rates	**£1,344m**	£1,192m	12.8%
Statutory	**£1,321m**	£1,159m	14.0%
Basic earnings per share			
Underlying at constant currency	**61.1p**	56.7p	7.8%
Underlying at reported rates	**61.1p**	53.7p	13.8%
Statutory	**60.4p**	52.3p	15.5%
Free cash flow			
Underlying at reported rates	**£908m**	£722m	25.8%
Statutory	**£899m**	£686m	31.0%
Full year dividend per ordinary share	**31.7p**	29.4p	7.8%

SEGMENTAL PERFORMANCE

	UNDERLYING REVENUE 2016 £M	UNDERLYING REVENUE 2015[1] £M	UNDERLYING REVENUE GROWTH REPORTED RATES	UNDERLYING REVENUE GROWTH CONSTANT CURRENCY	UNDERLYING REVENUE GROWTH ORGANIC
North America	**11,198**	9,361	19.6%	10.5%	8.1%
Europe	**5,458**	5,192	5.1%	2.7%	2.8%
Rest of World	**3,215**	3,290	(2.3)%	(1.9)%	(1.2)%
Total	**19,871**	17,843	11.4%	6.1%	5.0%

	UNDERLYING OPERATING PROFIT 2016 £M	UNDERLYING OPERATING PROFIT 2015[1] £M	UNDERLYING OPERATING MARGIN 2016 %	UNDERLYING OPERATING MARGIN 2015[1] %
North America	**908**	760	**8.1%**	8.1%
Europe	**394**	374	**7.2%**	7.2%
Rest of World	**218**	241	**6.8%**	7.3%
Unallocated overheads	**(65)**	(66)		
Total before associates and EM & OR restructuring	**1,455**	1,309	**7.3%**	7.3%
EM & OR restructuring	**(25)**	(26)		
Total before associates	**1,430**	1,283	**7.2%**	7.2%
Associates	**15**	13		
Total	**1,445**	1,296		

1. 2015 Europe and Rest of World segments have been restated to reflect a change in the way these are managed.

STATUTORY AND UNDERLYING RESULTS

	2016 STATUTORY £M	2016 ADJUSTMENTS £M	2016 UNDERLYING £M	2015 STATUTORY £M	2015 ADJUSTMENTS £M	2015 UNDERLYING £M	2015 CONSTANT CURRENCY £M
Revenue	**19,605**	**266**	**19,871**	17,590	253	17,843	18,725
Operating profit	**1,409**	**36**	**1,445**	1,261	35	1,296	1,368
Other gains/(losses)	**1**	**(1)**	**–**	(1)	1	–	–
Net finance costs	**(89)**	**(12)**	**(101)**	(101)	(3)	(104)	(108)
Profit before tax	**1,321**	**23**	**1,344**	1,159	33	1,192	1,260
Tax	**(319)**	**(11)**	**(330)**	(282)	(10)	(292)	(309)
Profit after tax	**1,002**	**12**	**1,014**	877	23	900	951
Non-controlling interest	**(10)**	**–**	**(10)**	(8)	–	(8)	(8)
Attributable profit	**992**	**12**	**1,004**	869	23	892	943
Average number of shares (millions)	**1,643**	**–**	**1,643**	1,662	–	1,662	1,662
Basic earnings per share (pence)	**60.4p**	**0.7p**	**61.1p**	52.3p	1.4p	53.7p	56.7p
EBITDA	**1,835**	**5**	**1,840**	1,627	9	1,636	n/a
Gross capex	**580**	**–**	**580**	506	1	507	n/a
Free cash flow	**899**	**9**	**908**	686	36	722	n/a

Further details of the adjustments can be found in the consolidated income statement, consolidated cash flow statement, note 1 segmental reporting and note 5 tax.

STATUTORY RESULTS

Statutory revenue was £19,605 million (2015: £17,590 million), with growth of 11.5%. Statutory operating profit was £1,409 million (2015: £1,261 million), an increase of 11.7% over the prior year. Statutory profit before tax of £1,321 million (2015: £1,159 million) delivered basic earnings per share of 60.4 pence (2015: 52.3 pence), an increase of 15.5% over the prior year. The weakening of sterling against the majority of the Group's key currencies has given rise to approximately 6% positive impact in each of these measures.

UNDERLYING RESULTS

Throughout the Strategic Report, and consistent with prior years, underlying measures are used to describe the Group's performance. These are not recognised under IFRS or other generally accepted accounting principles (GAAP).

The Executive Board of the Group manages and assesses the performance of the business on these measures and believes they are more representative of ongoing trading, facilitate meaningful year on year comparisons and hence provide more useful information to shareholders. All underlying measures are defined in the glossary of terms on page 172.

A summary of adjustments from statutory results to underlying results is shown on page 21 and further detailed in the consolidated income statement (page 90), reconciliation of free cash flow from operations (page 95), the segmental reporting note (pages 102 to 105), and the tax note (pages 109 to 110).

UNDERLYING REVENUE

Underlying revenue was £19,871 million (2015: £ 17,843 million), an increase of 11.4%. If we restate 2015's revenue at the 2016 average exchange rates for the year, it would increase by £882 million. On a constant currency basis, underlying revenue has therefore increased by £1,146 million, or 6.1%. Organic revenue growth for the year was 5.0%, comprising new business of 8.8%, a retention rate of 94.1% and like for like growth of 2.1%.

UNDERLYING OPERATING PROFIT

Underlying operating profit was £1,445 million (2015: £1,296 million), an increase of 11.5%. If we restate 2015's profit at the 2016 average exchange rates for the year, it would increase by £72 million. On a constant currency basis, underlying operating profit has therefore increased by £77 million, or 5.6%.

UNDERLYING FINANCE COSTS

The underlying net finance cost was £101 million (2015: £104 million), with the decrease a result of lower pension interest costs given the increased surplus on the UK scheme. For 2017, we expect an underlying net finance cost of around £110 million, reflecting the weakness of sterling on foreign denominated debt. This equates to an effective interest rate of around 3% on gross debt.

UNDERLYING INCOME TAX EXPENSE

On an underlying basis, the tax charge was £330 million (2015: £292 million), equivalent to an effective tax rate of 24.5% (2015: 24.5%).

In 2017, we expect to see upward pressure on the tax rate. This is a consequence of both the changing regulatory environment affecting all multinationals and the impact of exchange rates. Our current expectations are for the 2017 tax rate to be around 1% higher than 2016, but we note that we are likely to see a continuing period of significant uncertainty in the international corporate tax environment as we look forward.

UNDERLYING BASIC EARNINGS PER SHARE

On an underlying basis, the basic earnings per share grew by 13.8% to 61.1 pence (2015: 53.7 pence). If we restate 2015's basic earnings per share at the 2016 average rates for the year, it would be 56.7 pence. On a constant currency basis, basic earnings per share therefore increased by 7.8%.

DIVIDENDS

Our dividend policy is to grow the dividend in line with growth in underlying constant currency earnings per share. It is therefore proposed that a final dividend of 21.1 pence per share be paid on 20 February 2017 to shareholders on the register on 20 January 2017. This will result in a total dividend for the year of 31.7 pence per share (2015: 29.4 pence per share), a year on year increase of 7.8%. The dividend is covered 1.9 times on an underlying earnings basis and 1.8 times on a cash basis. We remain committed to growing the dividend in line with constant currency earnings.

UNDERLYING FREE CASH FLOW

Underlying free cash flow grew by 26% to £908 million (2015: £722 million), in part due to foreign exchange. Free cash flow conversion has increased to 63% (2015: 56%).

Underlying gross capital expenditure of £580 million (2015: £507 million) is equivalent to 2.9% of underlying revenues (2015: 2.8% of underlying revenues), and we expect that capex in 2017 will be at a similar percentage of underlying revenues. We continue to deliver strong returns on our capital expenditure across all regions.

Excluding pensions and provisions, trade working capital has decreased by £12 million (2015: £17 million increase). Some underlying improvements and some timing differences offset the negative impact of around £70 million from the timing of our payroll run in September in the USA and UK. We continue to focus on improving working capital and expect a small outflow in 2017.

The cash outflow of £39 million (2015: £59 million) on post employment benefit obligations largely reflects payments agreed with trustees to reduce deficits on the defined benefit pension scheme in the UK. Following the completion of the triannual valuation of the Compass Group Pension Plan in the UK, which now has a funding surplus, we have agreed with the trustees that we will stop our deficit reduction payments. We therefore expect our cash outflow on post employment benefit obligations to reduce to around £20 million in 2017.

The underlying cash tax rate for the year was 18% (2015: 20%) which is slightly lower than the expected level. This is largely a result of certain legislation changes during the year in North America. In 2017, we expect the cash tax rate to be in the range of 20 to 23%.

The net interest outflow for the year was £94 million (2015: £93 million).

POST EMPLOYMENT BENEFIT OBLIGATIONS

The Group has continued to review and monitor its pension obligations throughout the year, working closely with the trustees and members of schemes around the Group to ensure proper and prudent assumptions are used and adequate provision and contributions are made.

The Group has a net pension deficit of £21 million at 30 September 2016, calculated in accordance with IAS 19, for all Group defined benefit schemes (2015: £9 million deficit). The total pensions charge for defined contribution schemes in the year was £100 million (2015: £84 million) and £17 million (2015: £21 million) for defined benefit schemes. Included in the defined benefit scheme costs was a £1 million charge to net finance cost (2015: £5 million), which has reduced due to the increase in the UK accounting surplus in 2015 compared to 2014.

ACQUISITION PAYMENTS

The total cash spend on acquisitions in the year, net of cash acquired, was £180 million (2015: £89 million), comprising £148 million of infill acquisitions, £2 million on acquisition transaction costs and £30 million of deferred consideration relating to prior years' acquisitions.

RETURN ON CAPITAL EMPLOYED

Return on capital employed was 19.4% (2015: 19.1%) based on underlying operations, net of tax at the effective underlying rate of 24.5% (2014: 24.5%), and excluding the Group's non-controlling partners' share of total operating profit. The average capital employed was £5,565 million (2015: £5,093 million). On a constant currency basis, the increase in return on capital employed would have been 10 basis points, with the remainder a result of currency movements.

PURCHASE OF OWN SHARES

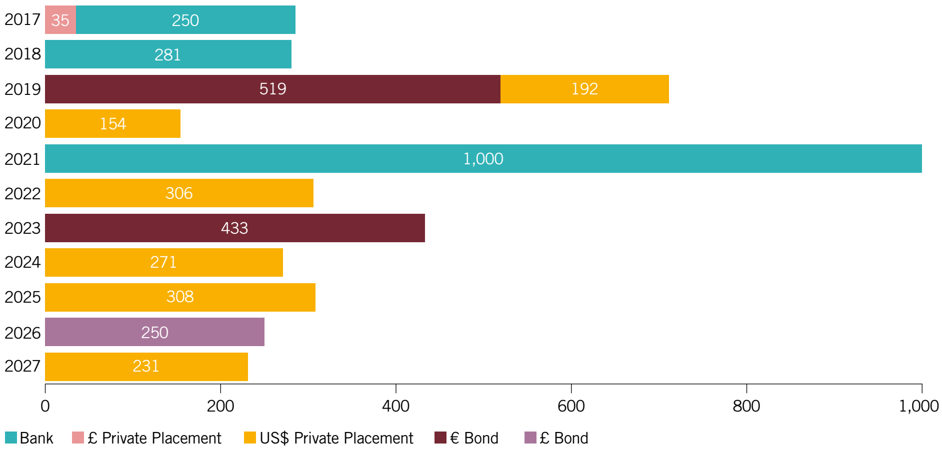
During the year, the Group purchased shares for a consideration of £100 million (2015: £328 million).

RELATED PARTY TRANSACTIONS

Details of transactions with related parties are set out in note 29 of the consolidated financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

FINANCING – MAturity PROFILE OF PRINCIPAL BORROWINGS

AS AT 30 SEPTEMBER 2016 (£M)



1. Based on borrowings and facilities in place as at 30 September 2016, maturing in the financial year ending 30 September.
2. The average life of the Group's principal borrowings is 5.0 years (2015: 6.2 years).

FINANCIAL POSITION

The ratio of net debt to market capitalisation of £24,737 million as at 30 September 2016 was 12% (2015: 15%).

At the end of the year, net debt was £2,874 million (2015: £2,603 million). The ratio of net debt to underlying EBITDA was 1.6x, higher than usual due to movements in currency in the final quarter of the year. Our leverage policy is to maintain strong investment grade credit ratings, returning any surplus cash to shareholders to target net debt to underlying EBITDA of around 1.5x.

SHAREHOLDER RETURN

The market price of the Group's ordinary shares at the close of the financial year was 1,495.00 pence per share (2015: 1,053.00 pence per share).

LIQUIDITY RISK

The Group finances its borrowings from a number of sources including the bank, the public and the private placement markets. 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 2016 shows that the average period to maturity is 5.0 years (2015: 6.2 years).

The Group's undrawn committed bank facilities at 30 September 2016 were £1,000 million (2015: £1,000 million).

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, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies. These policies have not changed in the year.

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. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are taken out which, when applied to the actual currency liabilities, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings either are less than, or equate to, the net investment in overseas operations, these exchange rate movements are treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the income statement.

Non-sterling 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.

INTEREST RATE RISK

As set out above, the Group has effective borrowings in a number of currencies and its 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 either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year, reducing to 60% fixed for the second year and 40% fixed for the third year.

GROUP TAX POLICY

As a Group, we are committed to creating long term shareholder value through the responsible, sustainable and efficient delivery of our key business objectives. This will enable us to grow the business and make significant investments into the Group and its operations.

We therefore adopt an approach to tax that supports this strategy and also balances the various interests of our stakeholders including shareholders, governments, employees and the communities in which we operate. Our aim is to pursue a principled and sustainable tax strategy that has strong commercial merit and is aligned with our business strategy. We believe this will enhance shareholder value whilst protecting Compass' reputation.

In doing so, we act in compliance with the relevant local and international laws and disclosure requirements, and we conduct an open and transparent relationship with the relevant tax authorities that fully complies with the Group's Code of Business Conduct and Code of Ethics.

In an increasingly complex international environment, a degree of tax risk and uncertainty is, however, inevitable. We manage and control these risks in a proactive manner and in doing so, exercise our judgement and seek appropriate advice from relevant professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.

RISKS AND UNCERTAINTIES

The Board takes a proactive approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of the Group, its shareholders, employees, clients, consumers and all other stakeholders.

The principal risks and uncertainties that face the business and the activities the Group undertakes to mitigate these are set out on pages 27 to 29.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review, as is the financial position of the Group, its cash flows, liquidity position, and borrowing facilities. In addition, note 17 includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with longer term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of this Annual Report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and the potential impact of the principal risks documented on pages 27 to 29 of the Annual Report. Based on this assessment, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2019.

The directors have determined that a three year period to 30 September 2019 is an appropriate period over which to provide its viability statement. This is the period reviewed by the Group Board in our strategic planning process and is also aligned to our typical contract length (three to five years). We believe that this presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer term outlook.

In making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board considers annually and on a rolling basis a three year, bottom up strategic plan. The output of this plan is used to perform central debt and headroom profile analysis, which includes a review of sensitivity to 'business as usual' risks, such as profit growth and working capital variances and severe but plausible events. It also considers the ability of the Group to raise finance and deploy capital. The results take into account the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the identified underlying risks.

While the review has considered all the principal risks identified by the Group, the following were focused on for enhanced stress testing: health and safety, economic and political environment, and clients and consumers. The geographical and sector diversification of the Group's operations helps minimise the risk of serious business interruption or catastrophic damage to our reputation. Furthermore, our business model is structured so that the Group is not reliant on one particular group of clients or sector. Our largest client constitutes only 2% of Group revenue and our top 10 clients account for less than 9% of Group revenue. Also, our ability to flex our cost base protects our viability in the face of adverse economic conditions and/or political uncertainty.

While this review does not consider all of the risks that the Group may face, the directors consider that this stress testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

Johnny Thomson
Group Finance Director
22 November 2016

The Strategic Report, as set out on pages 1 to 33, has been approved by the Board.

On behalf of the Board

Mark White
General Counsel and Company Secretary
22 November 2016

IDENTIFYING AND MANAGING RISK

The Board continues to take a proactive approach to recognising, assessing and mitigating risk with the aim of protecting its employees and consumers and safeguarding the interests of the Company and its shareholders in the constantly changing environment in which it operates.

As set out in the Corporate Governance section within the Annual Report, the Group has policies and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level within the business.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process and core activities throughout the Group.

The table on pages 28 and 29 sets out the principal risks and uncertainties facing the business at the date of this Report. These have been subject to robust assessment and review. They do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management, or deemed to be less material at the date of this Report, may also have an adverse effect on the Group. These include risks resulting from the UK's recent EU referendum which could adversely affect the risks noted under the 'economic and political environment' section of the table on the following pages as well as affecting financial risks such as liquidity and credit. Although the risks related to the EU referendum have been discussed by the Board, it is too early to properly understand the impact on the business. In accordance with the provisions of the UK Corporate Governance Code, the Board has taken into consideration the principal risks in the context of determining whether to adopt the going concern basis of accounting and when assessing the prospects of the Company for the purpose of preparing the Viability Statement. The Going Concern and Viability Statement can be found on pages 25 and 26 of the Strategic Report.

The Group faces a number of operational risks on an ongoing basis such as litigation and financial (including liquidity and credit) risk and some wider risks, for example, environmental and reputational. Additionally, there are risks (such as those relating to the eurozone economy, pensions, and acquisitions and investments) which vary in importance depending on changing conditions. All risks disclosed in previous years can be found in the annual reports available on our website at www.compass-group.com. We recognise that these risks remain important to the business and they are kept under review. However, we have focused the disclosures on pages 28 and 29 on those risks that are currently considered to be more significant to the Group.

Risk Management should be read in conjunction with the Strategy and KPI sections.

See pages 8 and 9 and 12 and 13 respectively

PRINCIPAL RISKS

CHANGE IN RISK

Increased risk   Consistent risk

RISKS	DESCRIPTION	EXAMPLES OF MITIGATION
HEALTH AND SAFETY		
HEALTH AND SAFETY 2015 Consistent 2016 Consistent	Health and safety is our number one operational priority. We are focused on protecting people's wellbeing, as well as avoiding serious business interruption and potential damage to our reputation. Compass feeds millions of consumers and employs thousands of people around the world every day. Therefore, setting the highest standards for food hygiene and safety is paramount.	All management meetings throughout the Group feature a health and safety update as their first agenda item. Health and safety improvement KPIs are included in the annual bonus plans for each of the business' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. The safety and quality of our global supply chain are assured through compliance against a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity.
CLIENTS AND CONSUMERS		
CLIENT AND CONSUMER SALES AND RETENTION 2015 Consistent 2016 Consistent	Our business relies on securing and retaining a diverse range of clients.	We have strategies which strengthen our long term relationships with our clients and consumers based on quality, value and innovation. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.
BIDDING 2015 Consistent 2016 Consistent	Each year, the Group could bid for a large number of opportunities.	A rigorous tender review process is in place, which includes a critical assessment of contracts to identify potential risks (including social and ethical risks) and rewards, prior to approval at an appropriate level in the organisation.
SERVICE DELIVERY AND CONTRACTUAL COMPLIANCE 2015 Consistent 2016 Consistent	The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to loss of business.	Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.
COMPETITION 2015 Consistent 2016 Consistent	We operate in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to minimise this by continuing to promote our differentiated propositions and by focusing on our points of strength, such as flexibility in our cost base, quality and value of service and innovation.
PEOPLE		
RECRUITMENT 2015 Consistent 2016 Consistent	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses due to a lack of industry experience amongst candidates and appropriately qualified people, and the seasonal nature of some of our business.	The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation and through offering training and development programmes.
RETENTION AND MOTIVATION 2015 Consistent 2016 Consistent	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group.	The Group has established training, development, performance management and reward programmes to retain, develop and motivate our best people. The Group has a well established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.

RISKS	DESCRIPTION	EXAMPLES OF MITIGATION
ECONOMIC AND POLITICAL ENVIRONMENT		
ECONOMY 2015 ↑ 2016 ↑	Some sectors of our business could be susceptible to adverse changes in economic conditions and employment levels.	With the variable and flexible nature of our cost base, it is generally possible to contain the impact of these adverse conditions.
COST INFLATION 2015 ↑ 2016 →	Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the USA and UK, or food, especially in countries such as Brazil, could constitute a risk to our ability to do this.	As part of our MAP framework, we seek to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients.
POLITICAL STABILITY 2015 → 2016 ↑	We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability caused, for example, by the UK's EU referendum.	The Group remains vigilant to future changes presented by emerging markets or fledgling administrations and we try to anticipate and contribute to important changes in public policy.
COMPLIANCE AND FRAUD		
COMPLIANCE AND FRAUD 2015 → 2016 ↑	Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, could have an adverse effect on the Group's reputation and could result in an adverse impact on the Group's performance if significant financial penalties are levied or a criminal action is brought against the Company or its directors.	The Group's zero tolerance based Codes of Business Conduct and Ethics continue to govern all aspects of our relationships with our stakeholders. All alleged breaches of the Codes, including any allegations of fraud, are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Regulation and compliance risk is also considered as part of our annual business planning process.
TAX COMPLIANCE 2015 ↑ 2016 →	As a Group, we seek to plan and manage our tax affairs efficiently in the jurisdictions in which we operate. In doing so, we act in compliance with the relevant laws and disclosure requirements. However, in an increasingly complex international corporate tax environment, a degree of uncertainty is inevitable and we note in particular the policy efforts being led by the EU and the OECD which may have a material impact on the taxation of all international businesses.	We manage and control these risks in a proactive manner and in doing so exercise our judgement and seek appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.
INFORMATION SYSTEMS AND TECHNOLOGY		
INFORMATION SYSTEMS AND TECHNOLOGY 2015 ↑ 2016 ↑	The digital world creates many risks for a global business including technology failures, loss of confidential data and damage to brand reputation, through, for example, the use of social media.	We seek to assess and manage the maturity of our enterprise risk and security infrastructure and our ability to effectively defend against current and future cyber risks by using analysis tools and experienced professionals to evaluate and mitigate potential impacts. The Group relies on a variety of IT systems in order to manage and deliver services and communicate with our clients, consumers, suppliers and employees. We are focused on the need to maximise the effectiveness of our information systems and technology as a business enabler and to reduce both cost and exposure as a result.

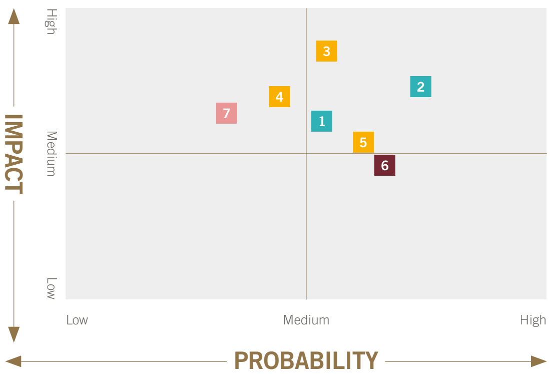
REDUCING RISK AND DRIVING GROWTH

The Group's strategy and approach to corporate responsibility (CR) are well aligned as we improve the business model to reflect more sustainable practices. CR 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.

OUR CR STRATEGY

Each year, we review the issues which matter most to our business and stakeholders to help us better assess our key business risks and opportunities. Through this process we have identified seven issues we believe materially impact our business and our relationships with our stakeholders (see matrix below).

OUR MATERIAL IMPACTS



In the following table we outline how our four CR pillars address these seven issues, why they matter to us and how they inform our priorities and activities moving forward.

Through our strategic review, stakeholders and international clients have indicated their growing interest in supporting the United Nations' Sustainable Development Goals (SDGs) as agreed by world leaders in September 2015. In response to this feedback, we have focused our attention on how our business activities can help us to deliver towards the SDGs at a global and local level. See pages 32 and 33 for a more detailed narrative on those specific SDGs where we believe we can make the most positive social impact.

Visit our website for more information about our approach to CR and progress against performance

www.compass-group.com

OUR PILLARS, PRIORITIES AND PROGRESS

OUR PILLARS

OUR PEOPLE

Our people are fundamental to our great service and reputation and we recognise their positive contribution to our performance.

Ensuring our employees are well trained, safe, motivated and productive is an essential component of our business model.

RESPONSIBLE SOURCING

Having a responsible supply chain is important for us to deliver the quality of food service which is a key business driver for Compass and of paramount importance to our customers.

As a result of our actions across our supply chain, we are able to build client and consumer confidence, reduce potential risks and develop sustainable relationships.

HEALTH & WELLBEING

By pursuing our passion for wellbeing and nutrition, we can help our consumers and employees adopt a more balanced lifestyle.

We support our clients to deliver improved employee performance and satisfaction, encouraging client retention in our business.

ENVIRONMENTAL REPORTING

As a leading food and support services provider, we have a clear responsibility to help protect the environment.

We are reducing our impact by implementing programmes that focus on the improved use of resources, helping us to manage our costs and those of our clients more effectively.

OUR PRIORITIES

OUR PROGRESS

1 WORKPLACE HEALTH & SAFETY

Transparency around the processes and controls in place to ensure the safety and wellbeing of our people.

2 EMPLOYEE RECRUITMENT & RETENTION

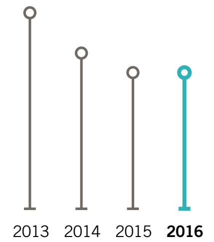
Provide our people with training and development opportunities. Recognise and reward their great work.

- Since 2013, we have achieved a 29% reduction in our Lost Time Incident Frequency Rate performance. However, this year we have seen our performance plateau. We are not complacent and continue to embed a strong safety leadership culture, as well as improved return to work programmes
- Sadly, we had one work related fatality as a result of a motor vehicle accident. As part of our commitment for continuous improvement, we have shared lessons learned

Global Lost Time Incident Frequency Rate

-29%

(vs 2013)



3 PRODUCT SAFETY

Visibility around the ingredients that we source for our operations.

4 SUPPLY CHAIN INTEGRITY

Ensure our supply chain is acting responsibly and humanely towards its workforce.

5 CBC COMPLIANCE

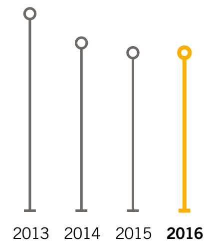
Ensure the implementation of our Codes of Business Conduct and Ethics. Measure and report concerns via the Speak Up whistleblowing programme.

- We have extended our third party audit programme to validate around the world that all our markets are complying with the requirements of our Global Food Safety Standards
- Audit results identified that some of our developing markets, including India and Singapore, required further support to implement effective controls. We have responded by investing in additional resource to help local teams embed the required operational standards

Global Food Safety Incident Rate

-19%

(vs 2013)



6 WELLBEING AND NUTRITION

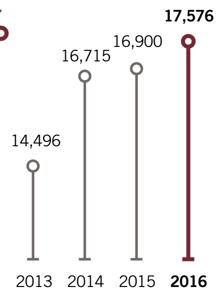
Promote simple product labelling and signposting to encourage our consumers to make healthy choices.

- In our more developed markets including the UK and US, we have introduced apps such as My Fitness Pal, that enable consumers to track their calorie and nutritional intake, directly linked to our menus. These apps help our consumers to make healthier choices

Number of sites offering healthy eating programmes

+21%

(vs 2013)



7 ENVIRONMENTAL REPORTING

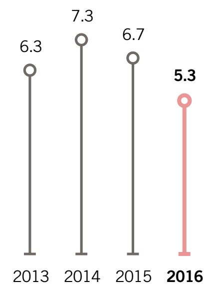
Transparency around our environmental impacts, target setting and reporting to demonstrate progress.

- We have extended the roll out of our food waste measurement and tracking technology solution
- In sites where we have implemented this solution, we have seen a reduction in food waste of around 50%
- In 2017, we will expand the pilot roll out to around 10 countries to assess the viability of a wider geographic scope

GHG intensity ratio

-16%

(vs 2013)



WORKING TOWARDS THE SUSTAINABLE DEVELOPMENT GOALS

We believe that the SDGs provide a useful platform, and common language, upon which we can build new, and strengthen existing, global and local partnerships to progress our sustainability activities.

Of the 17 goals designed to help deliver the 2030 vision for a more sustainable planet, we have identified six where we believe we can make the most positive social impact. In addition to these issue specific goals, we recognise the critical importance of working in partnership, supported by SDG 17 (Partnerships for the Goals).

PROGRESS THIS YEAR

Our performance in the key sustainability indices is of increasing interest to clients and investors. We have performed well in these indices this year, including our achievement in the Carbon Disclosure Project of a 'Leadership' score of A-.

Looking ahead, we will continue to engage our teams and stakeholders around the world to understand the issues which matter most and to identify opportunities to build stronger partnerships which address global and local sustainability priorities.

For a more detailed review of our 2015-2016 performance against targets, please visit www.compass-group.com

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

GOAL 2
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

GOAL 3
Ensure healthy lives and promote wellbeing for all at all ages

GOAL 5
Achieve gender equality and empower all women and girls

GOAL 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

GOAL 14
Conserve and sustainably use the oceans, seas and marine resources for sustainable development

GOAL 15
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

THE GLOBAL CHALLENGE	COMPASS' ROLE	FOR EXAMPLE
By 2050, the world's population is expected to increase by two billion. At present almost 800 million of the world's population are malnourished and starving. This means that the need to improve sustainable agriculture will become increasingly critical as the demand on natural resources intensifies.	Every year, we spend around £5 billion on food. Collaborating with our supply chain to design and deliver scalable and practical solutions for food security and sustainable agriculture is therefore vitally important to safeguard the future of our business.	Since 2014, our Imperfectly Delicious Produce programme run by our US business has used over 200,000 kgs of imperfect fruit and vegetables that would otherwise have rotted in fields, been sent to composting or landfill for simply not meeting an artificial standard of attractiveness.
Nutrition is essential for sustainable development. Every year, poor nutrition kills over three million children under five, whilst around the world over two billion people are overweight or obese.	Each year, we serve over five billion meals. By pursuing our passion for wellbeing and nutrition, we are committed to helping our consumers and employees adopt a more balanced lifestyle.	Since 2010, we have worked towards a target that 100% of our units will provide Balanced Choices or similar healthy eating programmes by 2016. This year, we have seen a further improvement in our performance (67% vs 66% in 2015). We have not met our stated target of 100% of units by 2016 and will continue to work towards achieving this through 2017.
Women and girls around the world struggle to exercise their rights, face discrimination, legal barriers and violence and receive unequal pay for equal work.	Women make up 57% of our global workforce and 26% of our global leadership team. We are resolved to empower all our female employees as we know this leads to increases in productivity, organisational effectiveness and consumer satisfaction.	In 2016, our UK business launched the Women in Food programme, to tackle the shortage of female chefs. By 2020, we expect that 50% of the chefs in our UK workplace will be female.
The availability of decent work is a must for lasting, inclusive and economic growth, yet while the global labour force continues to grow, there are not enough jobs available, particularly amongst young people and indigenous communities.	Our 500,000+ employees are fundamental to our great service and reputation. Around the world we are working with local communities to offer fair employment and great career opportunities.	In Australia, we launched Project 1050 to support the recruitment of an additional 1,050 indigenous jobseekers into the Compass workforce by 2019.
30% of the world's fish stocks are overexploited, compromising their ability to produce sustainable yields.	Three words encapsulate our approach to sustainable seafood; (1) Avoid: by not serving seafood on the Marine Stewardship Council's (MSC) 'fish to avoid' list; (2) Improve: by buying more certified sustainable seafood each year; (3) Promote: the availability of responsibly sourced fish to our consumers.	We have partnered with the MSC in the UK to develop the Good Fish Guide app, which encourages everyone from chefs to consumers to make more sustainable choices easily and quickly.
People need nature to thrive. It is particularly critical for sustainable agriculture, yet deforestation, desertification and loss of biodiversity and natural habitats are degrading fertile land and reducing crop productivity.	We are working across our supply chain, to ensure we source our food and non-food products in a sustainable manner with the least possible impact on the environment.	Globally, we are a member of the Roundtables on Responsible Soy and Responsible Palm Oil, whilst 17 of our top 20 countries have already established sustainable and ethical sourcing programmes.

PROMOTING SUCCESS

We believe that strong leadership combined with a robust governance framework is vital to positive performance and to the continued success of your Company.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present Compass Group PLC's annual Corporate Governance Report which aims to provide shareholders and other stakeholders with an insight into the Company's governance activities, performance and priorities.

BOARD EFFECTIVENESS

In my role as Chairman, it is my responsibility to ensure that we have an effective Board with a suitable range of skills, expertise and experience. Each year, we conduct a performance evaluation of the Board and its committees to ensure that they continue to be effective and that each of the directors shows a demonstrable commitment to their role and has sufficient time to devote to their responsibilities at Compass, notwithstanding any other commitments.

In accordance with the UK Corporate Governance Code (the Code) an externally facilitated evaluation must be conducted every three years. EquityCommunications Limited (ECL) conducted this year's external evaluation, as they did in 2013. The purpose of ECL's evaluation was to consider progress in closing the gaps that were identified in the last external evaluation in 2013, reflect on progress made against last year's internal assessment, evaluate how the Group had responded to changes in both the business and regulatory environment and to review the way the Board and its committees operate.

Information on this year's external evaluation process, the lessons learned from last year's review and our areas of focus in the coming year, can be found on page 43.

GOVERNANCE IN ACTION

As a Board, we remain committed to maintaining the highest standards of corporate governance. We strongly believe that good governance is at the heart of, and is fundamental to, the effective management of the business, its long term sustainability and continued success.

Last year, I wrote to you about the importance of succession planning. This has, and will continue to be, an area of focus for the Board and the Nomination Committee. We operate in intrinsically dynamic markets and it is therefore vitally important to the Company's future success that it has a stable and sustainable leadership which adapts and evolves in tandem with current and future business needs.

We continuously plan for the future. As I have set out in the Nomination Committee Report, finding the right individuals for the Board takes time and the principal aim of our succession plan is to ensure that we will always have access to a potential pool of talented individuals capable of leading the Company and delivering its strategic goals. This year, in line with our plan, we appointed Johnny Thomson as Group Finance Director and Stefan Bomhard as a non-executive director. In addition to these appointments, in October 2015, Don Robert succeeded Sir Ian Robinson as Senior Independent Director (SID). In December of the same year, Andy Martin stepped down as a director and Dominic Blakemore became Group Chief Operating Officer, Europe. It is also planned that Susan Murray, who completed her nine year tenure as a non-executive director in October, will step down from the Board at the conclusion of the Company's Annual General Meeting (AGM). I would like to take this opportunity to thank Susan for her services to the Board, particularly for her excellent work as Chairman of the Corporate Responsibility Committee and to wish her every success for the future. Nelson Silva will succeed Susan as Chairman of the Corporate Responsibility Committee at the conclusion of the Company's AGM and I wish him well in his new role.

I am pleased to report that it has been another year of positive progress and development in the Company's governance agenda and I am confident that the changes we have made to the Board leave us better placed as we look to the Company's future. In the coming year, we will continue to build on our work to date and to focus on our plan for the next three years. I look forward to reporting on our progress next year.

In the meantime, in the pages which follow we have set out our governance structures and processes and how we have applied the main principles and complied with the relevant provisions of the Code. We have sought to show how governance works in practice by giving examples of the types of activity undertaken by the Board and its committees during the year. I hope that you find our narrative insightful.

Paul Walsh
Chairman
22 November 2016

THE COMPANY'S ANNUAL GENERAL MEETING

Earlier this year, we held our AGM at Twickenham Stadium, just one of the many sporting venues where we provide hospitality services. I am pleased that the event was well attended by shareholders.

During the question and answer session, shareholders were able to ask the Board questions about the Company's performance and its plans for the future and several discussions were continued after the meeting when shareholders and directors met on a more informal basis.

As ever, the Board and I were impressed by the quality and breadth of shareholder questions. On behalf of my fellow directors, I would like to thank you for your interest in the Company and for your continued support.

We look forward to meeting you at the Company's next AGM on Thursday 2 February 2017.

COMMITTED TO THE HIGHEST STANDARDS

UK CORPORATE GOVERNANCE CODE COMPLIANCE

Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the Code. The Code can be found on the Financial Reporting Council (FRC) website at www.frc.org.uk. This Corporate Governance Report, together with the Directors' Remuneration Report set out on pages 58 to 79, describes how the Board has applied the main principles of good governance, as set out in the Code, during the year under review.

COMPLIANCE STATEMENT

It is the Board's view that for the year ended 30 September 2016 the Company has been fully compliant with all of the principles set out in the Code applicable to this reporting period. The Company's auditor, KPMG LLP, is required to review whether the above statement reflects the Company's compliance with the provisions of the Code specified for its review by the UK Listing Authority (UKLA) Rules and to report if it does not reflect such compliance. No such report has been made.

The directors present their Annual Report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 September 2016. This Corporate Governance Report on pages 34 to 57 and the other statutory disclosures on pages 80 to 84 together with the Directors' Responsibilities statement on page 86 make up the Directors' Report.

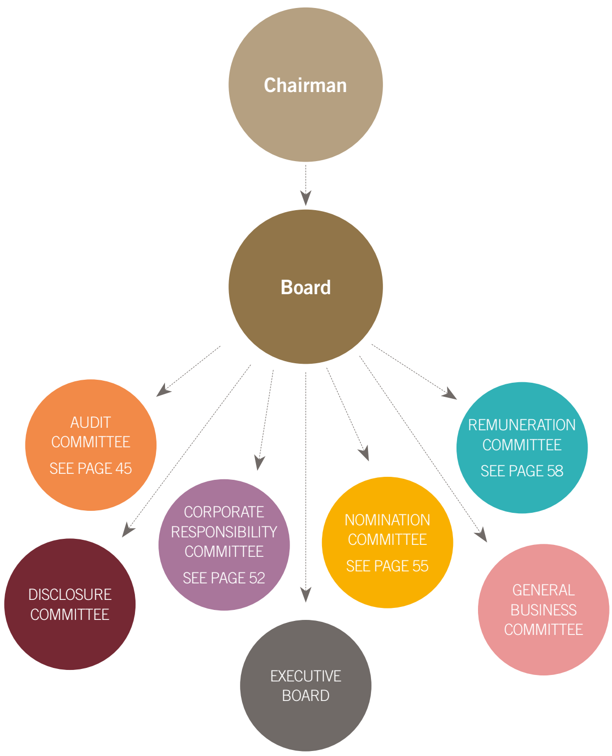
HOW WE GOVERN THE COMPANY

The Board leads the Group's governance framework; it is responsible for setting the strategic targets for the Group, monitoring progress made, approving proposed actions and for ensuring that the appropriate internal controls are in place and that they are operating effectively.

The Board is assisted by four principal committees (Audit, Corporate Responsibility, Nomination and Remuneration), each of which is responsible for reviewing and dealing with matters within its own terms of reference. At scheduled Board meetings, the minutes of all committee meetings are circulated and a summary of committee meetings discussed (as appropriate). All of the non-executive directors are members of all principal committees. Individual reports from each principal committee chairman can be found on pages 45 to 79. The Company also has a number of executive management committees (Disclosure, General Business and Executive Board). These have been established in order to consider various issues and matters for recommendation to the Board and its principal committees or to deal with day to day matters within the authority granted by the Board.

This Directors' Report also contains information required to be disclosed under the UKLA's Rules and under the Disclosure Guidance and Transparency Rules (DGTR). To the extent necessary, certain information is incorporated into this Report by reference.

Our governance structure comprises the functions below supported by the Group's standards, policies and internal controls, which are described in more detail over the following pages.



The Board manages the business of the Company and may, subject to the Articles of Association and applicable legislation, borrow money, guarantee, indemnify, mortgage or charge the business, property and assets (present and future), issue debentures and other securities and give security, whether outright or as a collateral security, for any debt, liability or obligation of the Company or of any third party.

The Board has a formal schedule of matters reserved for its decision as follows:

- Strategy and management
- Board membership and other appointments
- Financial reporting and controls
- Internal controls
- Contracts
- Capital structure
- Communication
- Remuneration
- Delegation of authority
- Corporate governance matters
- Other matters

By way of an example, the Board must approve any changes to the Group's capital structure, operating and expenditure budgets, capital investment of £50 million and above annually or any new contract with life of contract revenues of £250 million or more.

However, the Board's primary role remains to provide entrepreneurial leadership and to review the overall strategic development of the Group as a whole.

The Board has delegated day to day operational decisions to the Executive Board. The Executive Board is supported by country and regional management teams who are responsible for achieving agreed targets, maintaining budgetary controls and for implementing policies and controls at country and business unit level.

The work of the Board and its committees is described in this section of the Governance Report.

> THE BOARD SETS THE GROUP'S VALUES AND STANDARDS AND ENSURES THAT IT ACTS ETHICALLY AND THAT ITS OBLIGATIONS TO ITS SHAREHOLDERS ARE UNDERSTOOD AND MET.

BOARD OF DIRECTORS

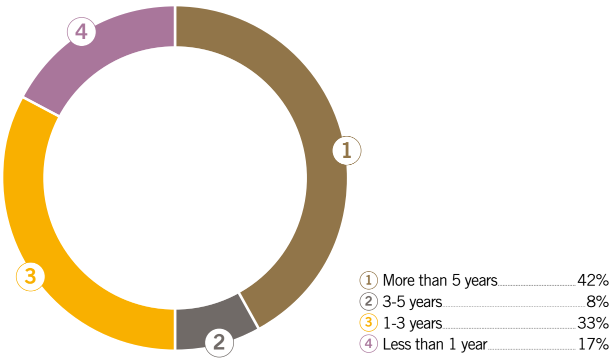
As at 30 September 2016, and as at the date of this Report, the Board of Directors was made up of 12 members, comprising the non-executive Chairman, four executive directors and seven non-executive directors.

The roles of Chairman and Group Chief Executive are separate and clearly defined, with the division of responsibilities set out in writing and agreed by the Board.

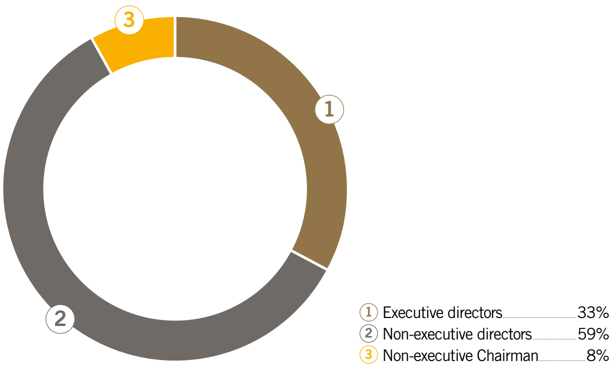
All of the non-executive directors are considered by the Board (and by the definition contained in the Code) to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. The Board considers that each of the non-executive directors brings their own senior level of experience, gained in each of their own fields, mainly in international operations.

The Company's policy relating to the terms of appointment and the remuneration of both executive and non-executive directors is detailed in the Directors' Remuneration Report, which is on pages 58 to 79.

BOARD TENURE



EXECUTIVE AND NON-EXECUTIVE DIRECTOR BALANCE



OUR BOARD

Paul Walsh (61) C N*

Chairman

Joined as a non-executive director in January 2014. Appointed Chairman in February 2014.

Key skills and competencies

Paul has significant experience in marketing, buying and retail operations as well as substantial corporate leadership experience.

Career

Former Chief Executive, Diageo plc, from September 2000 to June 2013 and now an adviser to the Chairman and Chief Executive, having originally joined the Board in 1997. Formerly Chief Executive Officer of the Pillsbury Company, Chairman of Ontex Group N.V. and a director of GrandMet. Former non-executive director of Unilever PLC, Centrica plc and United Spirits Limited. Business Ambassador on the UK Government's Business Ambassador network and a Member of the Council of the Scotch Whisky Association.

External appointments

Chairman of Avanti Communications Group plc and Chime Communications Limited. Non-executive director of HSBC Holdings plc, FedEx Corporation, RM2 International S.A. and Simpsons Malt Limited. Adviser to TPG Capital LLP (TPG) and a nominee director of the various companies as required by TPG including Pace Holdings Corp.

Richard Cousins (57) C E G N

Group Chief Executive

Joined the Board in May 2006 and was appointed Group Chief Executive in June 2006.

Key skills and competencies

Richard brings invaluable UK and international corporate expertise to the Board. He has experience in operational research and strategic planning and has held a number of key management roles.

Career

Richard spent six years as Chief Executive Officer of BPB plc, having previously held a number of positions with that company. His earlier career was with Cadbury Schweppes Plc and BTR plc. He is also a former non-executive director of P&O plc, HBOS plc and Reckitt Benckiser Group plc.

External appointments

Senior independent non-executive director of Tesco PLC and a Member of the Advisory Board of Lancaster University Business School.

Johnny Thomson (44) C D E G

Group Finance Director

Joined the Board and appointed Group Finance Director on 1 December 2015.

Key skills and competencies

Johnny brings extensive finance and accounting experience across a range of businesses as well as operational experience within the Group.

Career

Associate of the Institute of Chartered Accountants in England and Wales, Johnny joined the Group in April 2009 as Finance Director for the Group's Brazilian business. He was appointed Chief Executive Officer for the Brazilian business in October 2012 and, from 1 February 2014, became the Regional Managing Director for Latin America, comprising Argentina, Brazil, Chile, Colombia and Mexico. Prior to joining the Group, Johnny was Vice President Finance for the UK and Ireland Division of Hilton Hotels and served in a variety of audit and transactional services and international/client secondments at PricewaterhouseCoopers LLP.

External appointments

None.

Dominic Blakemore (47) E G

Group Chief Operating Officer, Europe

Joined the Board in February 2012 and appointed as Group Finance Director in April 2012. Dominic was appointed Group Chief Operating Officer, Europe on 1 December 2015 and stepped down as Group Finance Director on the same day.

Key skills and competencies

Dominic has extensive financial management experience in a number of international businesses together with general corporate management experience.

Career

Former Chief Financial Officer of Iglo Foods Group Limited, which Dominic joined from Cadbury Plc, where he was European Finance & Strategy Director, having previously held senior finance roles as Corporate Finance Director and Group Financial Controller. Prior to joining Cadbury Plc, Dominic was a director of PricewaterhouseCoopers LLP.

External appointments

Non-executive director of Shire plc and a Member of the Academic Council of University College London.

Gary Green (59) E G

Group Chief Operating Officer, North America

Appointed to the Board in April 2007 and became Group Chief Operating Officer, North America in April 2012.

Key skills and competencies

Gary brings strong business and operational leadership as well as business development and wide ranging sales experience.

Career

Gary is a Chartered Accountant and in 2001 received an honorary doctorate from Johnson & Wales University in the USA. Gary joined the Group in 1986 in a senior finance role in the UK and became a UK director in 1992. He relocated to the USA in 1994 as Chief Finance Officer of the Group's North American business and in 1999 became Chief Executive Officer.

External appointments

None.

Don Robert (57) A C N R

Senior Independent Non-executive Director (SID)

Joined the Board in May 2009. Appointed SID on 1 October 2015.

Key skills and competencies

Don has extensive international board and general management experience, especially in the financial sector.

Career

Don was formerly the Chief Executive Officer of Experian plc, former Chairman of the Consumer Data Industry Association and Trustee of the Education and Employers Taskforce and previously held positions with First American Corporation, Credco, Inc. and US Bancorp.

External appointments

Chairman of Experian plc, Achilles Holdco Limited and Validis Holdings Limited. Don is also a non-executive director of the Court of the Bank of England.

John Bason (59) A* C N R

Non-executive Director

Appointed to the Board in June 2011.

Key skills and competencies

John brings significant financial and international experience to the Board, gained from his long career with major global businesses.

Career

Member of the Institute of Chartered Accountants in England and Wales. John was previously Finance Director of Bunzl plc.

External appointments

Finance Director of Associated British Foods plc, trustee of Voluntary Service Overseas and Chairman of the charity FareShare.

Carol Arrowsmith (62) A C N R*

Non-executive Director

Appointed to the Board in June 2014.

Key skills and competencies

Carol brings extensive advisory experience, especially of advising boards on executive remuneration across a range of sectors.

Career

Carol is a former partner of Deloitte LLP and was Vice Chairman of the UK business and former director of the Remuneration Consultants Group. Carol is a Fellow of the Chartered Institute of Personnel and Development.

External appointments

Adviser to Deloitte LLP, Member of the Advisory Group for Spencer Stuart, director and trustee of Northern Ballet Limited and a director of Arrowsmith Advisory Limited.

Stefan Bomhard (49) A C N R

Non-executive Director

Appointed to the Board in May 2016.

Key skills and competencies

Stefan brings extensive experience of working in international environments, particularly relating to the operation, sales and marketing of well-known consumer food and drink brands.

Career

Stefan was previously Regional President, Europe, Geneva at Bacardi Martini for five years and held a number of worldwide senior positions at Cadbury Plc, Unilever PLC, Diageo plc, Burger King and Procter & Gamble.

External appointments

Chief Executive Officer of Inchcape plc.

Susan Murray (59) A C* N R

Non-executive Director

Appointed to the Board in October 2007.

Key skills and competencies

Susan brings extensive executive and non-executive retail, financial and strategic experience to the Board.

Career

Susan is former Chairman of Farrow & Ball, a former non-executive director of Pernod Ricard S.A., Imperial Tobacco PLC, Enterprise Inns Plc, Aberdeen Asset Management PLC, SSL International PLC and Wm Morrison Supermarkets PLC, and former Chief Executive of Littlewoods Stores Limited. She is also former Worldwide President and Chief Executive of The Pierre Smirnoff Company, part of Diageo plc, and a former Council Member of the Advertising Standards Authority.

External appointments

Non-executive director of Grafton Group plc and of Boparan Holdings Limited trading as 2 Sisters Food Group and a Fellow of the Royal Society of Arts.

Nelson Silva (61) A C N R

Non-executive Director

Appointed to the Board in July 2015.

Key skills and competencies

Nelson has considerable executive management experience in a variety of senior leadership roles within major international companies, with a particular focus on Brazil.

Career

Nelson was formerly President of the Aluminium business unit at BHP Billiton, based in the UK. Prior to joining BHP Billiton, he held a number of senior positions at Vale, including Sales and Marketing Director based in Belgium, Japan and Brazil. Nelson was also Managing Director of Embraer for Europe and Africa based in France and Chief Executive Officer of All Logistica in Argentina.

Nelson previously held the position of Senior Vice President of BG Group plc responsible for Brazil, Bolivia and Uruguay. He is a former board member of the Brazilian Institute of Oil and Gas and of the Brazilian Association of Petroleum Companies and of the Social and Development Council of Brazil's Presidency. Nelson was formerly a senior consultant to BHP Billiton Brazil.

External appointments

Nelson is an executive director of Petróleo Brasileiro S.A. and is a Board Member of the Brazilian Symphonic Orchestra.

Ireena Vittal (48) A C N R

Non-executive Director

Appointed to the Board in July 2015.

Key skills and competencies

Ireena brings strong advisory, business and operational experience across a variety of retail businesses with a particular focus on India.

Career

Ireena was formerly a non-executive director of GlaxoSmithKline Consumer Healthcare and Axis Bank Limited, Head of Marketing and Sales at Hutchinson Max Telecom and a former partner at McKinsey and Company.

External appointments

Non-executive director of Zomato Media Private Limited, Godrej Consumer Products Limited, WIPRO Limited, The Indian Hotels Company Limited, Tata Global Beverages Limited, Tata Industries and Titan Company Limited.

Mark White (56) A° C N° R° D E G°

General Counsel and Company Secretary

Joined the Group as General Counsel and Company Secretary in June 2007.

Key skills and competencies

Mark has extensive legal and corporate secretariat experience gained in a number of major international businesses. Mark is also a Trustee of the Compass Group Pension Plan and the Compass Retirement Income Savings Plan.

Career

Mark is a Solicitor. He was previously Group Company Secretary and General Counsel of Wolseley plc and Company Secretary of Enterprise Oil plc and Rotork plc.

External appointments

Member of the Upper Tribunal, Tax and Chancery Chamber.

Board Committee Membership

A Audit Committee ..... page 46
C Corporate Responsibility Committee ..... page 53
N Nomination Committee ..... page 56
R Remuneration Committee ..... page 61
D Disclosure Committee ..... page 44
E Executive Board ..... page 44
G General Business Committee ..... page 44
* Chairman
° Secretary

DIRECTOR EFFECTIVENESS AND TRAINING

The Board meets regularly during the year as well as on an ad hoc basis, as required by business needs. The Board met six times during the year and director attendance for each meeting is shown in the table below.

MEETINGS ATTENDANCE

NAME	ATTENDANCE[1]
Carol Arrowsmith	6 of 6
John Bason	6 of 6
Dominic Blakemore	6 of 6
Stefan Bomhard[2]	2 of 2
Richard Cousins	6 of 6
Gary Green	6 of 6
Andrew Martin[3]	1 of 1
Susan Murray	6 of 6
Don Robert	6 of 6
Sir Ian Robinson[4]	2 of 2
Nelson Silva	6 of 6
Johnny Thomson[5]	5 of 5
Ireena Vittal[6]	5 of 6
Paul Walsh	6 of 6

1. The number of meetings attended out of the number of meetings eligible to attend.
2. Appointed 5 May 2016.
3. Stepped down from the Board on 1 December 2015.
4. Stepped down from the Board at the conclusion of the Company's AGM on 4 February 2016.
5. Appointed 1 December 2015.
6. Unable to attend a meeting due to unforeseen circumstances. Prior to the meeting the director read the papers for the meeting and discussed her comments with the Chairman of the Board.

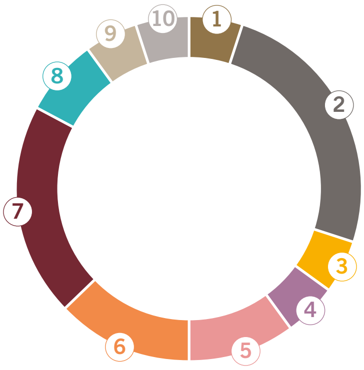
If a director is unable to attend a Board or committee meeting, the Chairman of the Board and/or committee chairman are informed and the absent director is encouraged to communicate comments and opinions on the matters to be considered. Each director also attends the AGM to answer shareholder questions.

Board activities are structured to help the Board to achieve its goals and to provide support and advice to the executive management on the delivery of Group strategy within a robust governance framework.

BOARD VISIT TO CANADA

The March 2016 Board meeting was held in Toronto, Canada, when senior executives from the North American business met with the Board and gave in-depth presentations on strategy and business operations. During its visit, the Board also visited a number of operational sites including the Centre Bell sports and entertainments complex in Montreal, one of many sporting venues where Compass North America provides hospitality services.

2015-2016 PRIORITIES (TIME SPENT)



1	HSE	5%
2	Strategy	25%
3	Acquisitions/disposals	5%
4	Capital expenditure	5%
5	Executive/committee reports	10%
6	Financial reporting/planning	13%
7	Understanding the business	20%
8	Succession planning	7%
9	Risk management	5%
10	Other matters	5%

2015-2016 INSIGHTS

- Received health and safety updates at every meeting
- Reviewed the Group's strategy
- Succession planning
- Risk reviews
- Conducted Board meetings together with site visits in Canada and France
- Received in-depth presentations from country managers, sector leaders (e.g. Education) and various function heads, for example, finance, tax, treasury, investor relations and legal
- Reviewed the potential implications of the UK leaving the EU pre and post the June 2016 referendum
- Commissioned an external evaluation of the Board in line with the requirements of the Code
- Monitored the progress of changes to Company governance policies and practices in connection with the EU Market Abuse Regulation which came into force on 3 July 2016

Meetings between the non-executive directors, both with and without the presence of the Group Chief Executive, are scheduled in the Board's annual programme. During the year there were a number of meetings at which senior management from our businesses made presentations to the Board. This enabled the non-executive directors to engage with colleagues from across the Group. On one occasion, this included a presentation from our North American business which covered topics such as health and safety performance and prevention, the competitive landscape and business sectors, growth trends, working capital management, financial forecasts, business wins and pipelines, risk mitigation and succession planning.

CORPORATE GOVERNANCE

Site visits to operating business units allow the Board as a whole to interact with a diverse group of colleagues, provide the non-executive directors with a unique insight into how the business works on a day to day basis and help to assess local management performance and potential. Each year, the Board aims to hold two meetings at Group locations. These visits also give the directors a unique opportunity to meet with colleagues on a more informal basis and greatly assist in the succession planning process.

The Board has established a procedure for directors, if deemed necessary, to take independent professional advice at the Company's expense in the furtherance of their duties. Every director also has access to the General Counsel and Company Secretary, who is charged with ensuring that Board procedures are followed and that good corporate governance and compliance are implemented throughout the Group. Together with the Group Chief Executive and the General Counsel and Company Secretary, the Chairman ensures that the Board is kept properly informed and is consulted on all issues reserved to it. Board papers and other information are distributed in a timely fashion to allow directors to be properly briefed in advance of meetings. In accordance with the Company's Articles of Association, directors have been granted an indemnity issued by the Company to the extent permitted by law in respect of liabilities incurred as a result of their office. The indemnity would not provide any coverage where a director is proved to have acted fraudulently or dishonestly. The Company has also arranged appropriate insurance cover in respect of legal action against its directors and officers.

In accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team, and ensures that each director refreshes and updates his or her individual skills, knowledge and expertise.

BOARD VISIT TO FRANCE

In July 2016, the Managing Director of the French business hosted a visit by the Board to Paris. The Board heard from the local executive team about the current French economic and political environment and the opportunities and challenges facing the business and its operations. Management also gave an in-depth review of how these challenges were being addressed. The Board was also afforded an insight into the offer provided by Compass France to its Business & Industry clients.

A formal, comprehensive and tailored induction is given to all non-executive directors following their appointment, including access to external training courses and visits to key locations within the Group and meetings with members of the Executive Board and other key senior executives. The induction also covers a review of the Group's governance policies, structures and business, including details of the risks and operating issues facing the Group.

Succession planning is a matter for the whole Board, rather than for a committee. The Company's Articles of Association provide that one third of the directors retire by rotation each year and that each director will seek re-election at the AGM every three years. However, in accordance with the Code, all directors submit themselves for annual re-election by shareholders. New directors may be appointed by the Board, but are subject to election by shareholders at the first opportunity after their appointment. Stefan Bomhard will seek election at the 2017 AGM. The Articles of Association limit the number of directors to not less than two and not more than 20, save where shareholders decide otherwise. Non-executive directors are normally appointed for an initial term of three years, which is reviewed and may be extended by two further three year terms. It is Board policy that non-executive director appointments should last for no more than nine years.

Don Robert succeeded Sir Ian Robinson as the SID on 1 October 2015. His role includes providing a sounding board for the Chairman and acting as an intermediary for the non-executive directors, where necessary. The Board believes that Don has the appropriate experience, knowledge and independence to continue in this role. As announced on 22 November 2016, Susan Murray, who completed her nine year tenure as a non-executive director in October 2016, will step down from the Board at the conclusion of the 2017 AGM. Nelson Silva will succeed Susan as Chairman of the Corporate Responsibility Committee on the same date.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders. For example, in June 2016, the Group Chief Executive and Group Finance Director hosted an investor seminar where they and members of the management team met with existing and potential investors. The business overview included presentations covering the Group's regions and the key themes were structural growth, our people and innovation. Feedback from the event was positive with particular emphasis on the passion of the presenters and the Group's proactive approach.

Although the non-executive directors are not formally required to meet the shareholders of the Company, their attendance at presentations of the interim and annual results is encouraged.

BOARD EFFECTIVENESS

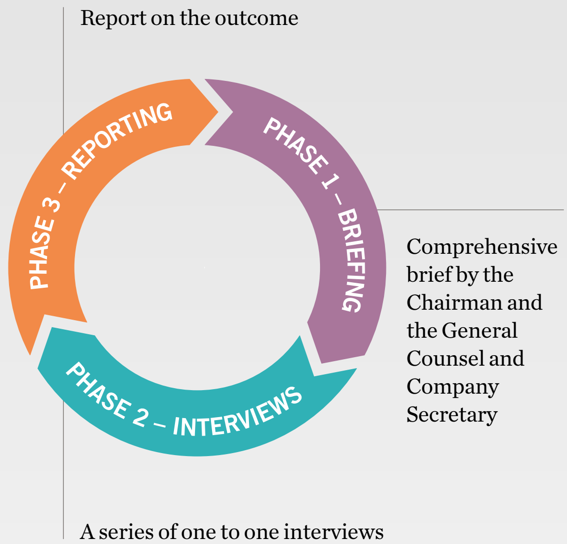
Every year, a performance evaluation of the Board and of its committees is carried out to ensure that they continue to be effective, that each of the directors demonstrates commitment to his or her respective role and each has sufficient time to meet his or her commitment to the Company.

In accordance with the Code, every third year, the evaluation must be undertaken by an independent external provider. This year, as was the case in 2013, the performance evaluation of the Board was again conducted by independent external providers, EquityCommunications Limited (ECL). ECL has no connection with the Company other than evaluating the Board and its committees.

ECL had the benefit of being able to directly compare the evaluation exercise with that conducted in 2013. ECL found a Board that had successfully transitioned chairmen and a number of non-executive retirements and appointments, but which had continued to perform well throughout. ECL found that the Board remained effective with positive stewardship by the Chairman and noted that the experience of the newer non-executive directors was beginning to emerge. Strategically, ECL found that the Board was aligned in its understanding of the Group's strategy, that a number of strategic questions which were being considered in 2013 had been answered and that the clarity of approach was fully supported. A key pillar to the success of the Board remained being forward looking and ensuring that succession planning was a matter of constant concern and review, at both executive and non-executive level.

It is the view of the Board that each of the non-executive directors brings considerable management expertise and an independent perspective to the Board's deliberations and that they are considered to be independent of management and free from any relationship or circumstance that could affect, or appear to affect, the exercise of their independent judgement. Overall, the Board considered the performance of each director to be effective and concluded that both the Board and its committees continue to provide effective leadership and exert the required levels of governance and control. The Board will continue to review its procedures, effectiveness and development in the year ahead.

The external performance evaluation has three distinct phases:



PHASE 1

ECL was given a clear and comprehensive brief by the Chairman and the General Counsel and Company Secretary. The questions that were prepared took into account the principal themes which had emerged from the preceding 2015 internal evaluation as well as the 2013 external evaluation which ECL had undertaken.

The evaluation process took place in May 2016. Each director received a copy of the questionnaire in advance of their meeting with ECL.

PHASE 2

ECL conducted a series of one to one interviews with the Chairman, each member of the Board and the General Counsel and Company Secretary.

Each interview covered an agenda which included questions about strategy and operations, Board composition, succession planning, Board administration and the Board committee structure and any specific matters which the director wished to raise. Directors were very much encouraged to raise any other matters they felt relevant to the Board evaluation process.

PHASE 3

A report on the outcome of the evaluation exercise was presented to the Board at its September 2016 meeting.

CONFLICTS OF INTEREST

As part of their ongoing development, the executive directors may seek one external non-executive role on a non-competitor board, for which they may retain the remuneration in respect of the appointment. In order to avoid any conflict of interest, all appointments are subject to the Board's approval and the Board monitors the extent of directors' other interests and the time commitment required to fulfil those interests to ensure that its effectiveness is not compromised.

Each director has a duty under the Companies Act 2006 (CA 2006) to avoid a situation in which he or she has or can have a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company. This duty is in addition to the obligation that he or she owes to the Company to disclose to the Board an interest in any transaction or arrangement under consideration by the Company. The Company's Articles of Association authorise the directors to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent directors (i.e. those who have no interest in the matter under consideration) will be able to take the relevant decision, and in taking the decision the directors must act in good faith and in a way they consider will be most likely to promote the Company's success. Furthermore, the directors may, if appropriate, impose limits or conditions when granting authorisation.

Any authorities are reviewed at least every 15 months. The Board considered and authorised each director's reported actual and potential conflicts of interest at its July 2016 Board meeting and considers any changes on an ad hoc basis throughout the year.

COMMITTEES OF THE BOARD

As noted on page 36, the Board has established a number of committees to assist in the discharge of its duties.

The formal terms of reference for the principal committees, approved by the Board and complying with the Code, are available from the General Counsel and Company Secretary and can also be found on the Company's website at www.compass-group.com. Terms of reference are reviewed annually and updated when necessary to reflect changes in legislation or best practice.

Directors who are not members of individual Board committees may also be invited to attend one or more meetings of those committees during the year.

The General Counsel and Company Secretary acts as Secretary to all Board committees. The chairmen of each of the principal committees attend the AGM to respond to any shareholder questions that might be raised on a committee's activities.

The Board committees are:

DISCLOSURE COMMITTEE

The Disclosure Committee ensures the accuracy and timeliness of public announcements of the Company and monitors the Company's obligations under the UKLA Rules and the DGTR.

Meetings are held as required. At the date of this Report, the Disclosure Committee comprises Johnny Thomson, Mark White, the Group Financial Controller, the Director of Group Internal Audit, the Director of Strategy and Communications and the Head of Investor Relations.

EXECUTIVE BOARD

The Executive Board is the key management committee for the Group and at the date of this Report comprises the executive directors of the Company, Mark Van Dyck (Regional Managing Director, Asia Pacific), Alfredo Ruiz Plaza (Regional Managing Director, Latin America), Mark White (General Counsel and Company Secretary) and Robin Mills (Group HR Director).

The Executive Board meets regularly and is responsible for developing the Group's strategy, capital expenditure and investment budgets. It reports on these areas to the Board for approval, implementing Group policy, monitoring financial, operational and customer quality of service performance, health and safety, purchasing and supply chain issues, succession planning and day to day management of the Group.

GENERAL BUSINESS COMMITTEE

The General Business Committee comprises all of the executive directors and meets as required to conduct the Company's business within clearly defined limits delegated by the Board and subject to those matters reserved to the Board.

AUDIT COMMITTEE PAGE 45
CORPORATE RESPONSIBILITY COMMITTEE PAGE 52
NOMINATION COMMITTEE PAGE 55
REMUNERATION COMMITTEE PAGE 58

AUDIT COMMITTEE REPORT

RIGOROUS AND EFFECTIVE OVERSIGHT

The Board recognises that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit which has greatly contributed to the success of your Company is not inhibited.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present this year's Audit Committee Report. It has been another busy and interesting year for the Committee.

In December 2015, Johnny Thomson was appointed as Group Finance Director and I have spent time with him over the year discussing his initial observations and priorities in the short and medium term. In May 2016, Stefan Bomhard was appointed to the Board. Stefan's appointment brings a new perspective to the Committee and I am pleased to welcome him aboard. In the following month, the country voted to leave the EU. The long term effects of the UK's EU referendum are not yet known and will only become clear in time. Until then the Committee will continue to monitor for changes that could impact on the Company's internal risk control processes and procedures and to advise the Board accordingly.

As in previous years, the Committee's primary focus has been centred on the accuracy of the Group's financial reporting, together with related internal control activities and risk and compliance matters.

The Code provides that through its financial reporting, the Board should provide a fair, balanced and understandable assessment of the Company's prospects. At the Board's request, the Committee has reviewed the 2016 Annual Report to determine whether it considered that the document, taken as a whole, meets this standard and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee concluded that the requirement has been met.

The Committee has also considered new developments in corporate governance and reporting and, in light of its review of such matters, was able to offer advice on such issues and, as necessary, recommend an appropriate course of action to the Board. For example, on 17 June 2016, the EU Audit Directive (the Directive) and Audit Regulation (the Regulation) became effective, resulting in changes to the audit regime for EU public interest entities including the Company. Notwithstanding the outcome of the UK's EU referendum, all EU legislation will remain in place for the time being. The new legislation introduces mandatory rotation of auditors and tighter restrictions on the provision of non-audit services, as well as setting out requirements in relation to the responsibilities and composition of audit committees. It has also resulted in changes being made to the CA 2006, the Code and the DGTR and consequently to the Committee's terms of reference.

We continue to develop and grow our business but, of course, in some of the territories where we operate the concept of corporate governance is still underdeveloped. In these regions in particular, it is important to have a clear, well-established system of risk management and internal control to ensure that growth is underpinned by solid business practice. In this regard, we have continued our work to strengthen our Regional Governance Committees (RGCs) with the aim of further embedding the Group's risk management culture within the business.

The Board's attitude to and appetite for risk are communicated to the Group's businesses through the strategy planning process. In determining its risk appetite, the Board recognises that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit which has greatly contributed to the success of the Company is not inhibited. The Committee and the Board remain satisfied that the Company's internal risk control framework continues to provide the necessary element of flexibility without compromising the integrity of risk management and internal control systems.

During the year, we reviewed the Group's ongoing principal operational risks, more details of which can be found on pages 27 to 29, and in the pages which follow, we have set out details of the Committee's activities during the year.

Over the coming year, the Committee will continue to monitor the ongoing status and progress of action plans against key risks on a regular basis; review its activities in the light of regulatory and best practice developments and to report its findings to the Board.

John Bason
Chairman of the Audit Committee
22 November 2016

THE AUDIT COMMITTEE

COMPOSITION

The Audit Committee comprises John Bason, Chairman, and all of the non-executive directors in office at the date of this Report. Members of the Audit Committee are appointed by the Board following recommendations by the Nomination Committee and the Audit Committee's membership is reviewed by the Nomination Committee and as part of the annual Board performance evaluation.

Each member of the Audit Committee brings an appropriate balance of senior level financial and commercial experience in multinational and/or complex organisations, combined with a good understanding of the Company's business and is therefore considered by the Board to be competent in the Company's sector. The expertise and experience of the members of the Audit Committee are summarised on pages 38 to 40. The Board considers that each member of the Audit Committee is independent within the definition set out in the Code. The Audit Committee's Chairman, John Bason, is the Finance Director of Associated British Foods plc and is therefore considered by the Board to have significant, recent and relevant financial experience and to be competent in auditing and accounting.

All members of the Audit Committee receive an appropriate induction, which includes an overview of the business, its financial dynamics and its risks. Audit Committee members are expected to have an understanding of the principles of, and recent developments in, financial reporting, including the applicable accounting standards and statements of recommended practice, key aspects of the Company's policies, financing, internal control mechanisms, and matters that require the use of judgement in the presentation of accounts and key figures as well as the role of internal and external auditors. Members of the Audit Committee undertake ongoing training as required.

The Audit Committee meets throughout the year and its agenda is linked to events in the Company's financial calendar. Each member of the Audit Committee may require reports on matters of interest in addition to the regular items. The Audit Committee met three times during the year and members' attendance at the meetings is set out in the table below.

MEETINGS ATTENDANCE

NAME	ATTENDANCE[1]
John Bason	3 of 3
Carol Arrowsmith	3 of 3
Stefan Bomhard[2]	1 of 1
Susan Murray	3 of 3
Don Robert	3 of 3
Sir Ian Robinson[3]	1 of 1
Nelson Silva	3 of 3
Ireena Vittal	3 of 3

1. The number of meetings attended out of the number of meetings each director was eligible to attend.
2. Appointed to the Board on 5 May 2016.
3. Stepped down from the Board at the conclusion of the Company's AGM on 4 February 2016.

The Audit Committee invites Paul Walsh (Chairman), Richard Cousins (Group Chief Executive), Johnny Thomson (Group Finance Director), Kate Dunham (Group Financial Controller) and Kamal Zoghbi (Director of Group Internal Audit), together with senior representatives of the external auditor, to attend each meeting although, periodically, it reserves time for discussions without invitees being present. Other senior management are invited to present such reports as are required for the Audit Committee to discharge its duties.

The Chairman of the Audit Committee attends the AGM to respond to any shareholder questions that might be raised concerning its activities. The remuneration of the members of the Audit Committee and the policy with regard to the remuneration of the non-executive directors are set out on pages 68 and 71.

OBJECTIVES

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions, and the management of the Group's systems of internal control, business risks and related compliance activities.

ACTIVITY DURING THE YEAR

The key matters reviewed and evaluated by the Audit Committee during the year are set out below:

FINANCIAL REPORTING

- the appropriateness of the interim and annual financial statements (including the announcements thereof to the London Stock Exchange) with both management and the external auditor, including:
  - at the Board's request, whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy
  - the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements and guidelines, including the recently published European Securities and Markets Authority Guidelines on Alternative Performance Measures which apply to all publications of regulated information from 3 July 2016
  - discussing the critical accounting policies and use of assumptions and estimates, as noted in section B of the accounting policies on page 96 of this Annual Report, and concluding that the estimates, judgements and assumptions used were reasonable based on the information available and had been used appropriately in applying the Company's accounting policies. This included, for example, the consideration of any goodwill impairment assessments and how these were addressed

- the material areas in which significant judgements have been applied, namely:
  - considering the nature and quantum of the purchasing income earned by the Group during the financial year. It also assessed the extent to which the amounts recognised required estimation and reviewed the recoverability of amounts accrued at the year end with reference to aged analyses and subsequent cash receipts. Nothing arose during the course of this review to indicate that anything but limited judgement was required, or that purchasing income had not been accounted for in accordance with the Group's accounting policies
  - the level of provisioning for liabilities (including tax) where management, accounting and legal judgements are important. The Committee discussed with management the key judgements made, in particular, the policy efforts being led by the EU and OECD which may have a material impact on the taxation of all international businesses, including relevant legal advice. The external auditor also reports on all material provisions to the Committee
- Going Concern and the Viability Statement

OTHER MATTERS

In addition to its key role in the financial reporting process, the Audit Committee also considered the following as well as developments in regulation, such as in relation to the retendering of audit services, noted below:

ITEMS DISCUSSED	NOV 2015	MAY 2016	SEPT 2016
INTERNAL AUDIT			
• approval of the Group's internal audit plan and risk controls and the review of internal audit activity reports and updates, together with the continued rollout of key financial controls	●	●	●
EXTERNAL AUDIT			
• audit report on interim results		●	
• approval and review of proposed audit plan and procedures		●	●
– review of auditor effectiveness/independence following KPMG LLP's second year as external auditor		●	
– agreement of external auditor fees for 2016-2017[1]		●	
– review of the policy and update of the provision of non-audit services provided by the external auditor	●	●	●
– assessment of the deployment of the audit plan			●
OTHER MATTERS			
• litigation and contingent liabilities	●	●	●
• operation of the Group's Speak Up whistleblowing policy	●	●	●
• country and theme specific audit matters	●	●	●
• the RGC structure and the outputs from the committee meetings	●	●	●
• tax matters, including provisioning for potential current tax liabilities and the level of deferred tax asset recognition as well as compliance with statutory tax reporting obligations	●	●	●
• terms of reference: annual review			●

1. A three year fee was agreed as part of the audit retender noted on page 48 and in the coming year the Committee will review and determine future fees.

EXTERNAL AUDIT

Last year, the Committee reported that EU legislation to reform the statutory audit market was expected to apply to Public Interest Entities (PIEs) (including the Company) from mid June 2016. The government has now published The Statutory Auditors and Third Country Auditors Regulations 2016 (the Regulations) which implement the Directive and make legislative provisions to apply the directly applicable Regulation to all PIEs. The Regulation has resulted in changes to the CA 2006 and to the Code with any changes being reflected in this year's Report. Amongst other things, the Company is required to rotate its auditors every 10 years, to give advance notice of any tendering plans and to cap the non-audit fees paid to auditors at 70% of the three year average audit fees at Group level, with there being a prohibition on the provision of certain non-audit services.

The Company last retendered its external audit appointment in 2013-2014 when KPMG LLP was appointed as the auditor. Under the terms of the new legislation and in line with the Code, the Company is required to put its external audit process out to tender again in 2023-2024. The Company has in force a policy on non-audit fees which it reviews annually and discloses the ratio of audit to non-audit fees paid in each financial year and will monitor non-audit fees to ensure that they remain within the parameters of the Regulation.

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The Audit Committee reserves oversight responsibility for monitoring the auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements. The Audit Committee is responsible for the retendering selection process and recommends the appointment, reappointment and removal of the Company's external auditor, and considers the risks associated with its withdrawal from the market in its risk evaluation and planning. The Audit Committee also reviews and sets the terms, areas of responsibility and scope of the audit as set out in the external auditor's engagement letter; the overall work plan for the forthcoming year, together with the associated fee proposal and cost effectiveness of the audit; the external auditors' independence; any major issues which arise during the course of the audit and their resolution; key accounting and audit judgements; the level of errors identified during the audit; the recommendations made to management by the auditor and management's response; and the auditor's overall performance.

The Audit Committee also ensures that key partners within the external auditor are rotated from time to time in accordance with applicable legislation. The current key partner of the Company's external auditor is Anthony Sykes. Mr Sykes has held this position since KPMG LLP was appointed as the Company's external auditor in 2014. The Audit Committee monitors the extent of non-audit work which the external auditor can perform, to ensure that the provision of those non-audit services that can be undertaken by the external auditor falls within the agreed policy and does not impair its objectivity or independence. Following the change of external auditor in 2014, the Audit Committee agreed that Deloitte LLP should continue to provide tax services to the Group and has amended its policy on the provision of non-audit services by the external auditor accordingly, to exclude such services. Therefore, the external auditor should be excluded from providing the Company with general consultancy and all other non-audit services, unless there is no other competent and available provider. Engagements for non-audit services that are not prohibited are subject to formal approval by the Audit Committee based on the level of fees involved. Non-audit services that are pre-approved are either routine in nature with a fee that is not significant in the context of the audit or are audit related services.

Within the constraints of applicable UK rules, the external auditor has traditionally undertaken some due diligence reviews and other pieces of non-audit work. The provision of non-audit services within such constraints and the agreed policy is assessed on a case by case basis so that the best placed adviser is retained. Principal non-audit services provided by KPMG LLP and approved by the Audit Committee during the year ended 30 September 2016 primarily comprised assistance on tax related services and other services including share register analysis.

During the year, the Audit Committee reviewed KPMG LLP's fees for its services performed to 30 September 2016 (which had been set for three years from appointment), its effectiveness and whether the agreed audit plan had been fulfilled and the reasons for any variation from the plan. The review included a formal evaluation process involving the use of questionnaires completed by finance teams around the business.

The Audit Committee also considered the robustness of the 2016 audit and the degree to which KPMG LLP was able to assess key accounting and audit judgements and the content of the management letter issued by the external auditor. The Audit Committee concluded that both the audit and the audit process were effective.

The total fees paid to KPMG LLP in the year ended 30 September 2016 were £5.1 million of which £0.6 million related to non-audit work (2015: £5.2 million of which £0.7 million related to non-audit work). Further disclosure of the non-audit fees paid during the year can be found in note 2 to the consolidated financial statements on page 106.

To ensure objectivity, key members of the audit team rotate off the Company's audit. To safeguard the independence of the Company's external auditor and the integrity of the audit process, the recruitment of senior employees from the Company's auditor is not permitted for a period of at least two years after they cease to be involved in the provision of services to the Company.

REAPPOINTMENT OF AUDITOR

There are no contractual restrictions on the Company's choice of external auditor and in making its recommendation on the reappointment of KPMG LLP, the Committee took into account, amongst other matters, the tenure, objectivity and independence of KPMG LLP and its continuing effectiveness and cost as well as the availability of firms within the wider audit market. KPMG LLP has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing KPMG LLP's reappointment and determination of its remuneration by the Audit Committee will be proposed at the 2017 AGM.

DISCLOSURE OF RELEVANT AUDIT INFORMATION

The directors confirm that, so far as they are each aware, there is no relevant audit information of which KPMG LLP is unaware and each director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that KPMG LLP is aware of that information.

OUR STANDARDS

The Company remains committed to the highest standards of business conduct and expects all of its employees to act accordingly. The Group's Speak Up policy (an extension of the Code of Ethics incorporated within the Group's Code of Business Conduct (CBC) which is available in 40 languages) 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 Audit Committee. Speak Up is a standard review item on all internal audit work programmes. The CBC and Code of Ethics are available on the Company's website at www.compass-group.com.

The Audit Committee also receives updates on any allegations of bribery and fraud in the business at every meeting, with individual updates being given to the Audit Committee, as needed, in more serious cases of alleged bribery, fraud or related activities. The Group's theft and anti-fraud policies are a subset of the CBC, which does not tolerate any activity involving fraud, dishonesty or deception. These policies, for which the Audit Committee retains overall responsibility, set out how allegations of fraud or bribery are dealt with, such as by the local human resources or finance team, and the frequency of local reporting that feeds into the regular updates, which are presented to the Audit Committee. Reporting of these matters to the Audit Committee is managed and overseen by the internal audit function. The Speak Up policy operates when the complaint is received through the whistleblowing channel and that policy will redirect the alleged fraud or bribery for investigation at the most appropriate level of the organisation which may, for example, be by a member of the local human resources team or, on occasion, the Audit Committee itself.

Each year, the Audit Committee critically reviews its own performance and considers where improvements can be made and in so doing it considers, amongst other things, those matters discussed by the Audit Committee, such as:

- whether the membership of the Committee meets the requirements of the Code
- whether the Committee's terms of reference are appropriate for the particular circumstances of the Company and comply with prevailing legislation and best practice
- whether the number and length of time of Committee meetings are sufficient to meet the role and responsibilities of the Committee and coincide with key dates within the financial reporting and audit cycle

This is underpinned by the annual evaluation of the Board and its committees. This year, in accordance with the Code, an external evaluation was conducted by ECL and more details of this can be found on page 43.

INTERNAL AUDIT

The Audit Committee reviews the effectiveness of the Group's internal audit function and its relationship with the external auditor, including internal audit resources, plans and performance as well as the degree to which the function is free of management restrictions. Throughout the year, the Audit Committee reviewed the internal audit function's plans and its achievements against those plans. The Audit Committee considered the results of the audits undertaken by the internal audit function and the adequacy of management's response to matters raised, including the time taken to resolve any such matters.

INTERNAL CONTROL

The Audit Committee also reviews the integrity of material financial statements made by the Company. The Audit Committee monitors and conducts a robust review of the effectiveness of the Group's internal control systems, accounting policies and practices and compliance controls (including key financial controls) as well as the Company's statements on internal control before they are agreed by the Board for each year's Annual Report. The Board retains overall responsibility for internal control and the identification and management of business risk. The key features of the Group's internal control and risk management systems that ensure the accuracy and reliability of financial reporting include clearly defined lines of accountability and delegation of authority, policies and procedures that cover financial planning and reporting, preparing consolidated accounts, capital expenditure, project governance and information security and the Group's CBC. The internal audit function is involved in the assessment of the quality of risk management and internal control and helps to promote and further develop effective risk management within the business. Certain internal audit assignments (such as those requiring specialist expertise) continue to be outsourced by the Director of Group Internal Audit as appropriate. The Audit Committee reviews internal audit reports and considers the effectiveness of the function.

In a Group where local management have considerable autonomy to run and develop their businesses, a well-designed system of internal control is necessary to safeguard shareholders' investments and the Company's assets. The directors acknowledge that they have overall responsibility for risk management, the Group's systems of internal control, for reviewing the effectiveness of those controls and for ensuring that an appropriate culture has been embedded throughout the organisation. In accordance with the guidance set out in the FRC's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014, and in the Code itself, an ongoing process has been established for identifying, managing and evaluating the risks faced by the Group. This process has been in place for the full financial year and up to the date on which the financial statements were approved.

The systems are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, safeguard the Group's assets against material loss, fairly report the Group's performance and position, and to ensure compliance with relevant legislation, regulation and best practice including that related to social, environmental and ethical matters. The systems provide reasonable, but not absolute, assurance against material misstatement or loss. Such systems are reviewed by the Board to deal with changing circumstances.

A summary of the key financial risks inherent in the Group's business is given on pages 27 to 29. Risk assessment and evaluation are an integral part of the annual planning cycle. Each business documents the strategic objectives and the effectiveness of the Group's systems of internal control. As part of the review, each significant business and function has been required to identify and document each substantial risk, together with the mitigating actions implemented to manage, monitor and report to management on the effectiveness of these controls. Senior managers are also required to sign biannual confirmations of compliance with key procedures and to report any breakdowns in, or exceptions to, these procedures. Summarised results have been presented to senior management (including to the members of the Executive Board) and to the Board.

These processes have been in place throughout the financial year ended 30 September 2016 and have continued to the date of this Report. Taken together, these processes and the reports they generate, which are considered by the Audit Committee, constitute a robust assessment of key risks and the internal controls that exist, and are designed to mitigate these risks. The Board has reviewed the effectiveness of the Group's system of internal control for the year under review and a summary of the principal control structures and processes in place across the Group is set out in this Report.

CONTROL ENVIRONMENT

Whilst the Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, it has delegated responsibility for the operation of the internal control and risk management programme to the Executive Board. The detailed review of internal control has been delegated to the Audit Committee. The management of each business is responsible for internal control and risk management within its own business and for ensuring compliance with the Group's policies and procedures. Each business has appointed a risk champion whose primary role in such capacity is to ensure compliance by local management with the Group's risk management and internal control programme. The internal and external independent auditors have reviewed the overall approach adopted by the Group towards its risk management activities so as to reinforce these internal control requirements.

CONTROL PROCEDURES

The Board reviews its strategic plans and objectives on an annual basis and approves Group budgets and strategies in light of these. Control is exercised at Group, regional and business level through the Group's Management and Performance framework (as well as through the RGCs) and monthly monitoring of performance by comparison with budgets, forecasts and cash targets, and by regular visits to Group businesses by the Group Chief Executive, Group Finance Director and Group Chief Operating Officers.

This is underpinned by a formal major risk assessment process, which is an integral part of the annual business cycle and is also a robust process adopted to support the Viability Statement. Each of the Group's businesses is required to identify and document major risks facing their business and appropriate mitigating activities and controls, and to monitor and report to management on the effectiveness of these controls on a biannual basis. These reports, together with reports on internal control and departures, if any, from established Group procedures prepared by both the internal and external auditors, are reviewed by the Group Finance Director and the Audit Committee. Group companies also submit biannual risk and internal control assurance letters to the Group Finance Director on internal control and risk management issues, with comments on the control environment within their operations. The Group Finance Director summarises these submissions for the Audit Committee, and the Chairman of the Audit Committee reports to the Board on any matters that have arisen from the Audit Committee's review of the way in which risk management and internal control processes have been applied.

The Board has formal procedures in place for the approval of client contracts, capital investment and acquisition projects, with clearly designated levels of authority, supported by post investment review processes for selected acquisitions, client contracts and major capital expenditure. The Board considers social, environmental and ethical matters in relation to the Group's business and assesses these when reviewing the risks faced by the Group; further information regarding environmental and ethical matters is available on pages 30 to 33. The Board is conscious of the effect such matters may have on the short and long term value of the Company. The external auditor of the Company and the Director of Group Internal Audit attend Audit Committee meetings and receive its papers. The Audit Committee members meet regularly with the external auditor and with the Director of Group Internal Audit, without the presence of executive management.

There were no changes to the Company's internal control over financial reporting that occurred during the year ended 30 September 2016 that have affected materially, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

CORPORATE RESPONSIBILITY COMMITTEE REPORT

BUILDING ON OUR COMMITMENTS

Being a responsible partner matters to us. We have made good progress in our efforts to create a more sustainable business, by responding proactively to opportunities that arise and through pragmatic investment. I would like to thank my colleagues for their hard work and enthusiasm on the journey so far.

On behalf of the Board, I am pleased to present this year's Corporate Responsibility Committee Report.

This is my final statement as Chairman of the Corporate Responsibility Committee. Having completed my nine year tenure as a non-executive director, I will step down from the Board and its committees at the conclusion of the Company's AGM in February 2017.

As a Group, we are fully engaged in delivering a holistic approach to corporate responsibility. This is a complex area given the scale of the Group, its geographic spread, diversity of local cultures and differences in country and business development; however, each year, we have continued to build steadily on our progress. We are therefore proud to report that our sustainability activities have been recognised with our inclusion in Fortune Magazine's Change the World list of 50 companies that have had a positive social impact through activities that are part of their core business strategy.

Maintaining a visible and transparent supply chain is important to us and to our customers. With the progressive rollout of our Global Supply Chain Integrity Standards, it is our aim to have industry leading standards that set the benchmark for others to follow.

Health and safety is our number one operational priority and, as a Group, we regularly review our performance against our global policies and standards. This helps to promote the consistent practical application of the safe operating practices that have been developed to safeguard the wellbeing of our colleagues and consumers. Following five consecutive years of continuous performance improvement and a reduction in incidents, we have seen our results plateau this year. Our analysis indicates that the success that we have had in embedding a culture of safety leadership and transparency in incident reporting in our less mature markets such as Asia Pacific has resulted in a marginal increase in reported incidents compared to last year.

However, we are not complacent and as we look to the future, we also reflect on the past and on those instances when things have not gone to plan.

Sadly, this year, one colleague in our North American business had a fatal accident as a result of a road traffic incident. So that we can continue to make what we do safer, we have shared lessons learned from such a sad event with our colleagues around the globe to try to prevent similar events from happening again.

As we have strengthened our position, we believe that whilst continuing to progress established activities, we have reached a point where it is helpful to reassess our focus and performance measures relating to some aspects of our strategy.

One area where we have chosen to refine our approach relates to the United Nations' Sustainable Development Goals (SDGs), designed to help bring an end to poverty, fight inequality and injustice, and tackle climate change worldwide by 2030. The framework provides us with a common platform and language to talk to our stakeholders, including our clients, about our collective sustainability challenges and activities. As a first step, we have selected six of the SDGs which we believe resonate with our stakeholders and the material impacts of our business. In 2008, we introduced our first set of environmental KPIs and since that time, we have been reporting our year on year progression against the 2008 baseline. However, in the coming year, to further reduce the environmental impact of our operations and to link in with our strategy to drive operational efficiency and reduce cost, we will transition to Science Based Targets to both target and measure our medium and long term progress. We will report the updated targets in our 2017 Annual Report.

As a Group, we recognise that providing opportunities for all of our colleagues to develop provides access to a broader talent pool that will support our strategic focus on growth and we continue to improve opportunities for talented women to progress. To help us achieve our ambition, we have introduced more KPIs around colleague diversity and inclusion that will, in time, provide greater visibility of the progression of women throughout the organisation.

More information about what we have been doing this year, our performance against the targets we set ourselves last year and our ambition for the future can be found below and on our website at www.compass-group.com.

I would like to take this opportunity to thank all of my Compass colleagues for their efforts to date. I am extremely proud of what has been achieved and it would not have been possible without their commitment and enthusiasm. Thank you. I also wish Nelson every success as the new Chairman of the Committee.

Susan Murray

Susan Murray
Chairman of the Corporate Responsibility Committee
22 November 2016

COMPOSITION

The Corporate Responsibility (CR) Committee comprises Susan Murray, Chairman, Paul Walsh, Richard Cousins, Johnny Thomson (in succession to Dominic Blakemore from 1 December 2015), Robin Mills (Group HR Director), Mark White (General Counsel and Company Secretary), and all of the non-executive directors in office at the date of this Report.

The CR Committee meets at least twice a year. The Committee met twice during the year and members' attendance is set out in the table below.

MEETINGS ATTENDANCE

NAME	ATTENDANCE[1]
Susan Murray	2 of 2
Carol Arrowsmith	2 of 2
John Bason	2 of 2
Dominic Blakemore[2]	1 of 1
Stefan Bomhard[3]	0 of 0
Richard Cousins	2 of 2
Robin Mills	2 of 2
Don Robert	2 of 2
Sir Ian Robinson[4]	1 of 1
Nelson Silva	2 of 2
Johnny Thomson[5]	1 of 1
Ireena Vittal	2 of 2
Paul Walsh	2 of 2
Mark White	2 of 2

1. The number of meetings attended out of the number of meetings which each director/member was eligible to attend.
2. Stepped down as a member of the Committee on 1 December 2015.
3. Appointed to the Board on 5 May 2016.
4. Stepped down from the Board at the conclusion of the Company's AGM on 4 February 2016.
5. Appointed to the Board on 1 December 2015.

RESPONSIBILITIES

The Committee's primary responsibilities include health, safety and environmental practices, ethical business conduct, the promotion of employee engagement and diversity as well as community investment.

The Committee has a rolling agenda and receives reports from the Director of Health, Safety and Environment and other senior managers to ensure that progress is being made towards meeting the Group's specific corporate responsibility KPIs and in our ongoing corporate responsibility commitments.

We are dedicated to maintaining the highest standards of corporate governance and throughout the Annual Report there are examples of how we are endeavouring to achieve our strategic goals whilst underpinning our CR core values.

For the purposes of the CA 2006, the Directors' Report for the year ended 30 September 2016 comprises pages 34 to 57, pages 80 to 84 and the Directors' Responsibilities statement on page 86. In accordance with the CA 2006, the Board has elected to set out in the Strategic Report some of those matters required to be disclosed in the Directors' Report which it considers to be of importance to the Company. These are as follows:

- carbon emissions
- likely future developments
- risk management

ACTIVITY DURING THE YEAR

During the year, the Committee addressed a number of governance matters and in this regard we received updates from the General Counsel and Company Secretary on new developments in corporate governance and reporting. The Committee considered recommendations to the Board concerning these matters, examples of which can be found in the highlights on page 54.

We continue to make steady progress in advancing our sustainability priorities, including our supply chain integrity which continues to be a complex challenge for the Group given its geographic spread and scale.

COMING YEAR

Good corporate governance underpins all of our corporate activities and the Committee will continue to offer comment and advice to the Board on those areas in the business where governance might be enhanced. In conjunction with the General Counsel and Company Secretary, the Committee will also keep the Board up to date with the latest legislative changes and best practices in governance and reporting, and of any action required to be taken by the Company as a result of the changes.

During the next 12 months, the Committee will continue to review CR commitments and targets to ensure they remain aligned to the business strategy. The introduction of additional KPIs sets new challenges, but as a business we remain focused on building on our achievements to date and we look forward to reporting our progress in the 2017 Annual Report.

HIGHLIGHTS

Health & Safety (H&S) Overview	Health and safety is our number one operational priority and is central to our business around the world. The Committee continued to review progress against existing H&S performance measures, recommend new performance measures and to oversee recommended actions/ initiatives to ensure that we continue to make what we do safer.	Details of our H&S KPIs and our year on year performance against targets at www.compass-group.com.
Modern Slavery Act 2015 (MSA) Statement	The Committee oversaw preparation and review of the Company's MSA statement.	The Company's MSA statement can be found at www.compass-group.com.
Review of the Group's Charitable Donations Policy	Conducted the annual review of the Group's charitable donations policy to ensure that it continued to be fit for purpose.	See page 84 for details of charitable donations made by the Group during the year.
EU Audit Directive	Monitored and advised on changes to legislation concerning audit committee composition, for example, the requirement that the audit committee as a whole has competence relevant to the sector in which the Company operates and changes to auditor responsibilities.	See pages 45 to 51 for more details.
The Small Business, Enterprise and Employment Act 2015 (SBEEA)	Monitored and advised on the requirement for companies to maintain a beneficial ownership register of persons with significant control (PSC); and the 'Trust and Transparency' reforms which include the requirement for companies to publish pay information by gender which includes five different types of information.	As a PLC the Company is not itself required to maintain a PSC register, but all of its UK registered subsidiaries have been required to do so with effect from 30 June 2016. The Company will publish the five point gender pay data in due course as required by the SBEEA.
EU Market Abuse Regulation (MAR)	MAR came into force on 3 July 2016 and introduced a new regime for market abuse (market manipulation and insider dealing) alongside new rules on disclosure of inside information, insider lists and revised obligations and restrictions on persons discharging managerial responsibilities (PDMRs) and persons closely associated with them (PCAs). In conjunction with the Disclosure Committee, the Committee advised on changes required to be made to Company policies and processes as a result of the new legislation, for example, updating the Group's Share Dealing and Communications Codes, terms of reference of the Disclosure Committee and the introduction of a formal Market Soundings Policy.	The Disclosure Committee's terms of reference adopted by the Board on 14 July 2016 can be found at www.compass-group.com.
Further embed the CBC and Code of Ethics	Over the past 12 months, the Group has continued to implement measures to maintain the profile of the CBC and Code of Ethics with colleagues around the world. We constantly challenge our leadership teams to implement new measures to refresh the understanding and importance of the CBC and Code of Ethics to our business, and we will continue to work with our businesses to further eliminate risk and reduce any vulnerabilities in our supply chain.	Group policies including the CBC and Code of Ethics can be found at www.compass-group.com.
Introduction of new KPIs	Introduction of additional KPIs centred on our workforce and environmental performance which complement the existing suite of non-financial KPIs and ensure that we continue to meet the evolving requirements of our stakeholders.	Details of these KPIs can be found at www.compass-group.com.
Review of KPI performance over the year under review and consideration of targets for the coming year	The Committee reviewed the performance of existing KPIs over the 12 months to 30 September 2016.	Details of our performance against the goals we set at the end of last year can be found at www.compass-group.com.

NOMINATION COMMITTEE REPORT

MAINTAINING BALANCE

We operate in dynamic markets and the Board and its committees must adapt and evolve to ensure that they make an effective contribution.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present this year's Nomination Committee Report.

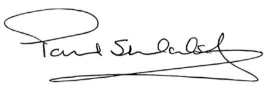
It has been another busy year for the Committee with a number of changes being made to the Board.

The appointments of Johnny Thomson, who took over from Dominic Blakemore as the Group Finance Director in December last year, and of Stefan Bomhard who joined the Board as a non-executive director in May this year, further strengthen the capabilities of the Board. Johnny's existing knowledge of the business has been key in helping him to smoothly transition from roles in our Latin American business to become Group Finance Director, while Stefan's extensive experience of the global food, beverage and retail markets will be invaluable in his role on the Board.

The process to appoint a new director takes time and requires careful planning. You can find more details of the practical considerations and process behind the appointment of a director on page 57.

Biographical details of the members of the Board who held office during the year and up to the date of this Report can be found on pages 38 to 40.

In the coming year, in consultation with the chairmen of the principal committees, we will continue to build on our work to date. Our aim is to ensure that the Group's succession planning policy remains fit for purpose and evolves to maintain the right mix of strengths and experience on the Board, whether executive or non-executive, and to meet the ongoing strategic aims of the Group.



Paul Walsh
Chairman of the Nomination Committee
22 November 2016

HIGHLIGHTS

DATE	DETAILS OF CHANGE
1 October 2015	Sir Ian Robinson stepped down as SID and was succeeded by Don Robert on the same day.
1 December 2015	Johnny Thomson succeeded Dominic Blakemore as Group Finance Director. On the same day, Andrew Martin stepped down as a director and as Group Chief Operating Officer, Europe & Japan and Dominic Blakemore was appointed Group Chief Operating Officer, Europe.
4 February 2016	Sir Ian Robinson stepped down from the Board at the conclusion of the Company's AGM.
5 May 2016	Stefan Bomhard was appointed as a non-executive director.
22 November 2016	The Company announced that Susan Murray will step down from the Board at the conclusion of the Company's AGM to be held on 2 February 2017. Nelson Silva will succeed Susan as Chairman of the Corporate Responsibility Committee on the same day.

THE NOMINATION COMMITTEE

COMPOSITION

The Nomination Committee comprises Paul Walsh, Chairman, Richard Cousins and all of the non-executive directors in office at the date of this Report.

The Nomination Committee meets on an as needed basis. The Committee met twice during the year and members' attendance is set out in the table below.

MEETINGS ATTENDANCE

NAME	ATTENDANCE[1]
Paul Walsh	2 of 2
Carol Arrowsmith	2 of 2
John Bason	2 of 2
Stefan Bomhard[2]	1 of 1
Richard Cousins	2 of 2
Susan Murray	2 of 2
Don Robert	2 of 2
Sir Ian Robinson[3]	1 of 1
Nelson Silva	2 of 2
Ireena Vittal	2 of 2

1. The number of meetings attended out of the number of meetings which each director was eligible to attend.
2. Appointed to the Board on 5 May 2016.
3. Stepped down from the Board at the conclusion of the Company's AGM on 4 February 2016.

OBJECTIVES

The Nomination Committee's key objective is to review and monitor the Board's composition and to ensure that the Board comprises individuals with the right blend of skills, knowledge and experience to maintain a high degree of effectiveness in discharging its responsibilities.

RESPONSIBILITIES

The Nomination Committee reviews the structure, size and composition of the Board and its committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new directors, the reappointment of existing directors and appointment of members to the Board's committees. It also assesses the roles of the existing directors in office to ensure that there continues to be a balanced board in terms of skills, knowledge, experience and diversity. The Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace and advises the Board on succession planning for executive director appointments, although the Board itself is responsible for succession generally.

The Nomination Committee has standing items that it considers regularly under its terms of reference, for example, the Committee reviews its own terms of reference annually, or as required, to reflect changes to the Code or as a result of changes in regulations or best practice.

SUCCESSION PLANNING AND DIVERSITY

The Company adopts a formal, rigorous and transparent procedure for the appointment of new directors and senior executives with due regard to diversity and gender. Prior to making an appointment, the Nomination Committee will evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and, in light of this evaluation, will prepare a description of the role and capabilities required, with a view to appointing the best placed individual for the role. In identifying suitable candidates, the Nomination Committee:

- uses open advertising or the services of external advisers to facilitate the search
- considers candidates from different genders and a wide range of backgrounds
- considers candidates on merit and against objective criteria ensuring that appointees have sufficient time to devote to the position, in light of other potentially significant commitments

The Board continues to believe that gender based or other types of targets are inappropriate and that the blend of skills, knowledge and experience is of paramount importance.

ACTIVITY DURING THE YEAR

The markets in which the Company operates are intrinsically dynamic and the Board and its committees must therefore adapt and evolve to ensure that they have the optimum composition to make the most effective contribution to help the Company achieve its strategic goals.

During the year, the Committee (together with the Board itself) continued to focus on succession planning for both executive and non-executive directors. In doing so, it considered the tenure, mix and diversity of skills and experience of existing Board members and those required of prospective Board members in the context of the Group's medium and long term strategy.

The Board uses the services of a number of executive search firms as part of the external search process to identify potential Board or senior management candidates. As previously reported, in 2014-2015, the Board retained the services of independent recruitment consultant, Egon Zehnder in its search for two prospective non-executive directors. Consequently, Ireena Vittal and Nelson Silva were appointed to the Board on 16 July 2015.

During 2015-2016, the Board engaged Lygon Group in its search for a new non-executive director and it was agreed that it would be beneficial for the search for prospective non-executive candidates to centre on individuals with European experience. Lygon Group is an independent executive search firm which has no other connection with the Company.

The Committee worked closely with Lygon Group to agree the process, timetable and mandate for Lygon Group to ensure that prospective candidates satisfied the Committee's brief. Stefan Bomhard was identified by the Nomination Committee as part of the external search process conducted by Lygon Group and was subsequently recommended to the Board for appointment on the basis that he met the criteria required, including having sufficient time to discharge the requirements of the role.

SUCCESSION PLANNING IN ACTION

WHAT DOES IT INVOLVE?

The process of recruiting an individual to join the Board takes time and if not managed properly can have a detrimental impact on the performance of the Board and its committees. From the initial planning stage where the need for a new director is identified through to the new director joining the Company may take a year or more and a well-established and carefully executed succession planning process is key. The narrative which follows gives a flavour of the practical steps involved in the recruitment of a new director where the services of an external recruitment consultant are used to help the Committee.

When changes to Board membership are considered, an assessment is made of the existing qualities and competencies that already exist around the boardroom table with a view to strengthening any areas that might be considered to be weaker and to support the priorities of the Company and its stakeholders.

WHAT DO WE LOOK FOR IN A NEW DIRECTOR?

Generally, in view of the geographic spread of the Company's businesses, current or previous experience at board or senior level in a listed company or multinational and/or complex organisation is required although not necessarily in the same type of business or sector, together with an ability to understand complex issues and to communicate clearly and objectively. Depending on the Company's strategic aims, the candidate may also be required to possess bi or multilingual skills and to have an understanding of another country, its culture and way of conducting business. A specific technical expertise/qualification may also be necessary (for example, if the new director is going to be appointed as the Chairman of the Audit Committee).

WHAT HAPPENS ONCE WE HAVE DRAWN UP A SHORT LIST OF POTENTIAL CANDIDATES?

As a general proposition, the Chairman, Group Chief Executive and SID interview each prospective candidate although other directors may also be involved in the interview process depending on the role being filled. For example, if the director being recruited was intended to be the Chairman of the Audit Committee, it would be appropriate for the existing Audit Committee Chairman and/or the Group Finance Director to participate in interviews to ensure that the candidate had the requisite technical skills, knowledge and understanding to undertake that role.

WHAT HAPPENS ONCE THE PREFERRED CANDIDATE HAS BEEN SELECTED?

Subject to the Committee's recommendations to the Board, the Board as a whole would then be involved in the decision to appoint a director.

Subject to formal Board approval, the individual is appointed (in the case of a non-executive director for an initial period of three years, which may be extended up to a maximum of nine years). If appropriate, a director's potential conflicts of interest arising from pre-existing appointments are considered in the context of the time commitment required to carry out their role and responsibilities at Compass effectively. All directors retire and offer themselves for election and/or re-election at every AGM of the Company and any new director's appointment is subject to shareholder approval at the first AGM following their appointment.

HOW DOES THE NEW DIRECTOR LEARN ABOUT THE COMPANY?

The Chairman of the Board is responsible for ensuring that the newly appointed director receives a tailored induction so that he or she is able to undertake his or her role and responsibilities on the Board and its committees effectively. Inductions are tailored to suit the needs and requirements of the incoming individual. Ongoing development needs and training requirements are reviewed as necessary by the Chairman of the Board and agreed with the new director. More details of the Company's induction process can be found on page 42.

COMING YEAR

The Committee understands that planning for the future and having a succession planning policy designed to progressively bring new skills and different perspectives to the Board are key to maintaining an appropriate balance on the Board.

There is a wealth of talent within our organisation and, together with the Board, the Committee will continue to offer its support to coaching and mentoring development programmes for executive and senior managers in the Group to help mould and encourage the potential leaders of the future.

Paul Walsh
Chairman of the Nomination Committee
22 November 2016

DIRECTORS' REMUNERATION REPORT

REWARDING STRATEGIC PROGRESS

We believe our consistent approach to remuneration, clearly linked to the KPIs by which we measure the delivery of our business strategy, is fundamental to the superior returns to shareholders which Compass has delivered over time.

ANNUAL STATEMENT

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the 2015-2016 Annual Remuneration Report which sets out our philosophy and policy for directors' remuneration and the activities of the Remuneration Committee for the financial year ended 30 September 2016. This Report complies with the UK executive remuneration reporting guidelines and contains:

(i) this Annual Statement, incorporating a new 'at a glance' summary setting out both how the business' strategic key performance indicators (KPIs) link to the incentive plans and the key remuneration decisions made this year;

(ii) the Governance Summary;

(iii) the Company's Remuneration Policy; and

(iv) the Annual Remuneration Report on the implementation of the Policy in the year ended 30 September 2016.

PERFORMANCE IN 2015-2016

Compass has delivered another year of excellent performance with strong top line growth, which is converting well into profits and cash. As a truly global business, the balanced exposure to different sectors, regions and countries has meant that the challenges in some emerging markets have been offset by the strength of North America and encouraging progress in Europe.

Over the three year performance period for the Long Term Incentive Plan (1 October 2013 to 30 September 2016), Compass' share price grew by 76%, from 850 pence to 1495 pence, and a total dividend of 138.5 pence per share (including 56 pence for the Return of Cash to shareholders in July 2014) was paid as well as approximately £606 million returned to shareholders by way of the share buyback programme*. The dividend distribution to shareholders for the year ended 30 September 2016 was increased by 7.8% compared to the previous year, as referred to on page 22.

* The buyback is shown net of £97 million used for treasury shares to settle share awards granted under employee incentive schemes in the period.

2015-2016 REMUNERATION REVIEW

The remuneration philosophy at Compass is to ensure close alignment between performance and reward so we have incentive plans which are based on the strategic KPIs by which the business is measured and managed. We measure performance delivered in the financial year for the annual bonus and over three financial years to determine the number of shares that have been earned under the LTIP. The measures and the incentive opportunity are unchanged from last year.

For the annual bonus we measure both Group and, where relevant, regional performance. This has led to a range of bonus outcomes as illustrated in the 'at a glance' summary on page 60 and also in the main Directors' Remuneration Report, where both the Group and Regional bonus targets, to which these outcomes relate, are disclosed in full.

The TSR element of the LTIP was earned in full because Compass ranked 8th against other FTSE 100 companies (excluding financial services companies). The targets we set based on Adjusted Group Free Cash Flow and Return on Capital Employed were demanding and were satisfied in part (92.7% and 60.7% respectively). The Committee considers this outcome to be a fair and balanced result.

We have maintained our approach of basing our pay decisions on reported numbers with principled and consistent adjustments to ensure that we are paying for underlying performance. The Committee believes that a clear approach to the treatment of any adjustments to reported numbers, for the purposes of determining the incentive outcome, is in the best interests of both shareholders and participants. This is why, for example, we exclude the impact of currency movements, whether positive or negative, from the measures used in the management incentives. Other potential adjustments are tested against a set of pre-agreed criteria to ensure an appropriate outcome in the circumstances which reflects the true underlying performance of the business.

Our historic balanced approach has continued this year with salary increases for the executive directors within the general adjustment range used for others within the Group, with one exception. As was signalled in last year's remuneration report, Johnny Thomson was appointed to the role of Group Finance Director at a salary below the market rate, reflecting that this was his first PLC director role. Johnny has performed very well during the year and, consequently, will receive an increase of 8% in salary, with effect from 1 January 2017, to reflect both his strong performance and increasing experience. This will still place Johnny below the market rate for equivalent roles in similar organisations. As indicated previously, above inflation pay increases are likely to be necessary for another one to two years to ensure his pay is appropriately aligned with that of his peers, subject, of course, to his continued strong performance in the role.

In developing the remuneration policy for shareholder approval in 2018, the Committee will consider the changing executive remuneration environment, including that related to pensions.

CONCLUSION

The Committee believes that the current executive remuneration policy works effectively to motivate and retain our executive team whilst supporting the delivery of superior returns to shareholders. Therefore, the principles underlying our executive remuneration remain unchanged, namely a balanced approach, with incentives based on strategic key performance metrics so our executives' remuneration reflects business performance. The Policy approved at the 2015 AGM will remain in place until the 2018 AGM when, in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 2013 Regulations), the policy to apply for the next three years to the 2021 AGM will be submitted to shareholders for approval.

In the meantime, we welcome the opportunity to engage with shareholders about any aspect of our remuneration policy, its implementation and how we believe it drives superior returns to shareholders. We were very pleased to receive good support for the 2015 Directors' Remuneration Report at the AGM in February 2016. Shareholders will have the opportunity to vote on the Annual Remuneration Report for 2015-2016 at our AGM to be held on Thursday 2 February 2017. I look forward to welcoming you and hope to receive your support again.

Carol Arrowsmith

Carol Arrowsmith
Chairman of the Remuneration Committee
22 November 2016

AT A GLANCE

REMUNERATION IN 2015-2016

The performance measures used in the management incentive schemes have been chosen to reflect Compass' strategic KPIs to ensure close alignment between management and shareholder interests, as indicated below:

PERFORMANCE MEASURE	STRATEGIC KPI[1]	MANAGEMENT INCENTIVE	WEIGHTING[2]
ORG	ORG	Annual Bonus	25%
PBIT	Underlying operating margin	Annual Bonus	55%
AFCF	Underlying Free Cashflow	Annual Bonus/LTIP	15%/33.3%
HSE – LTIR **– FSIR**	HSE – LTIR – FSIR	Annual Bonus	2.5% 2.5%
ROCE	ROCE	LTIP	33.3%
TSR	Outcome reflects all strategic KPIs	LTIP	33.3%

1. For more information on Compass' strategic KPIs, see pages 12 and 13.
2. Weightings reflect those for the Group Chief Executive and Group Finance Director, based on total Group performance; for Dominic Blakemore and Gary Green, a proportion of their annual bonus measure is based on the performance of the region for which they are responsible, details of which are set out on page 72.

KEY REMUNERATION OUTCOMES FOR 2015-2016

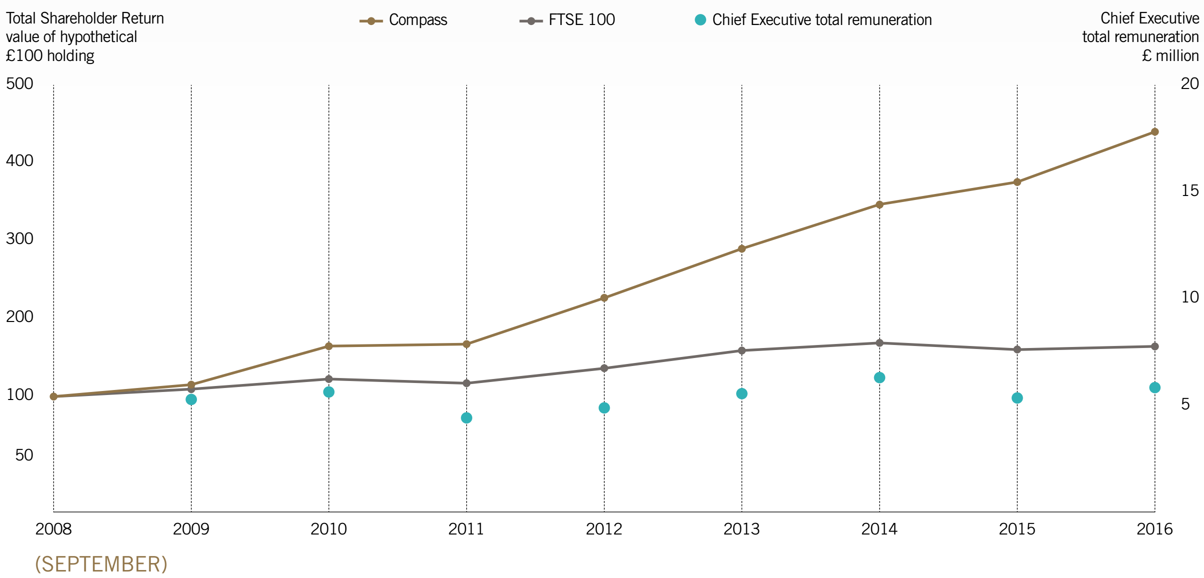
The table below summarises the key remuneration outcomes related to executive director appointments for 2015-2016, reflecting a year of strong performance:

ELEMENT	DOMINIC BLAKEMORE	RICHARD COUSINS	GARY GREEN	JOHNNY THOMSON
Base Salary at 1 January 2016	£640,000	£1,044,785	$1,294,000	£575,000
Base Salary at 1 January 2017	£656,000	£1,070,000	$1,345,760	£621,000
Increase on prior year	2.5%	2.4%	4.0%	8.0%
Benefits and Pension	Unchanged from last year			
Annual Bonus	65.1% of maximum	85.8% of maximum	100% of maximum	85.8% of maximum
LTIP	84.5% of maximum	84.5% of maximum	84.5% of maximum	84.5% of maximum
Total Remuneration	£2.461m	£5.822m	£4.130m	£1.924m

TOTAL SHAREHOLDER RETURN

We believe that our consistent, balanced approach to remuneration, clearly linked to the KPIs by which we measure the delivery of our business strategy, is fundamental to the superior returns to shareholders which Compass has delivered over time. This is demonstrated in the table below which shows our TSR compared to the FTSE 100 since 2008, and the total remuneration earned by Richard Cousins.

TOTAL RETURN INDICES – COMPASS V FTSE 100



GOVERNANCE SUMMARY

THE REMUNERATION COMMITTEE

The Board sets the Company's Remuneration Policy and the Remuneration Committee (the Committee) is responsible, within the authority delegated by the Board, for determining specific remuneration packages and the terms and conditions of employment for the members of the Executive Board, which comprises the executive directors and other senior executives. The Committee ensures that the members of the Executive Board are provided with the appropriate incentives to enhance the Group's performance and to reward them for their personal contribution to the success of the business. The Committee reviews the remuneration arrangements for Group employees whose salaries exceed a specified level and administers the Company's share incentive plans. The Committee also determines the Chairman's remuneration, although the Board itself determines the level of fees paid to the non-executive directors. No directors are involved in determining their own remuneration. The Committee maintains an active dialogue with shareholder representatives and its full terms of reference are set out on the Company's website at www.compass-group.com.

The Committee consists entirely of independent non-executive directors, as defined in the Code.

COMMITTEE COMPOSITION

The Committee comprises Carol Arrowsmith, Chairman, and all of the other non-executive directors in office at the date of this Report. The Remuneration Committee met three times during the year and directors' attendance can be found in the table below.

MEETINGS ATTENDANCE

NAME	ATTENDANCE[1]
Carol Arrowsmith	3 of 3
John Bason	3 of 3
Stefan Bomhard[2]	1 of 1
Susan Murray	3 of 3
Don Robert	3 of 3
Sir Ian Robinson[3]	1 of 1
Nelson Silva	3 of 3
Ireena Vittal	3 of 3

1. The number of meetings attended out of the number of meetings which each director was eligible to attend.
2. Stefan Bomhard joined the Board on 5 May 2016.
3. Sir Ian Robinson stepped down from the Board at the conclusion of the Company's AGM on 4 February 2016.

Biographical details of the current members of the Committee are set out on pages 38 to 40. The General Counsel and Company Secretary acts as the Secretary to the Committee. Details of advisers to the Committee can be found on page 79. The Chairman of the Remuneration Committee attends the AGM to respond to any shareholder questions that might be raised on the Committee's activities.

ACTIVITY DURING THE YEAR

The key activities of the Committee during the year ended 30 September 2016 were:

- a review of the draft Directors' Remuneration Report (DRR) for 2014-2015 and a review of the 2015 and 2016 AGM voting results
- determination of the extent to which the 2014-2015 performance measures for the long term incentive and bonus plans were achieved
- annual review of directors' share ownership against the Company's agreed policy and guidelines
- review of salary proposals for the Executive Board effective from 1 January 2016
- determination of proposed bonus targets for 2015-2016
- determination of proposed targets under the LTIP and other incentive schemes operating below executive management level for 2015-2016
- review of the Company's remuneration practice to ensure that the overall remuneration structure continues to promote the Company's long term business strategy
- regular reviews of performance under Group wide share plans and approval of any discretionary matters for individuals below executive director level
- determination of the remuneration package elements for the executive directors and the fees for the Chairman in light of the wider remuneration landscape and that prevailing within the business
- annual review of terms of reference for the Committee

STRUCTURE AND CONTENT OF DRR

As for last year, this DRR has been prepared on behalf of the Board by the Committee in accordance with the requirements of the CA 2006 and the 2013 Regulations. The current Policy was approved by shareholders at the Company's 2015 AGM and will remain in place for three years. Although there is no requirement to do so, the Committee has once again, in the interests of transparency and good governance, published the Policy in full for ease of reference. To the extent that changes have been made to the Policy since last year, these are merely to ensure that the content of the Policy remains relevant to the financial year under review; in all other respects, the Policy remains unchanged. The next two sections of the DRR cover the following matters:

- the Company's remuneration policy from 5 February 2015 for the three years thereafter, including each of the components of directors' remuneration (the Policy Report)
- how the Policy approved by shareholders at the 2015 AGM was implemented in the year ended 30 September 2016 (the Annual Remuneration Report)

The information set out on pages 58 to 79 of this DRR represents the auditable disclosures referred to in the auditor's report on pages 87 to 89 as specified by the UKLA and the 2013 Regulations, save for the TSR graph; Group Chief Executive's remuneration history and remuneration percentage change tables; spend on pay table; details of advice provided to the Committee and statement of shareholder voting.

SHAREHOLDER ENGAGEMENT

The voting outcome at the 2016 AGM in respect of the DRR for the year ended 30 September 2015 is set out on page 79 and reflected good private and institutional shareholder support. Major shareholders were consulted regarding changes to the Remuneration Policy which took effect following approval by shareholders at the 2015 AGM. No changes are proposed to the Policy this year and, as such, it is intended that the next vote on the Company's Remuneration Policy will be put to shareholders at the Company's 2018 AGM.

Shareholders will be invited to approve the Annual Remuneration Report for the year ended 30 September 2016 (which will be a non-binding advisory vote) at the Company's 2017 AGM.

The Committee will continue to be mindful of the interests of shareholders and other stakeholders, and welcomes shareholder feedback on any issue related to executive remuneration.

REMUNERATION POLICY

As set out in the Annual Statement, the Policy set out on pages 62 to 68 was approved by shareholders at the 2015 AGM. Resolution 2 to adopt the Policy received 90.79% of the votes cast in favour of the resolution. The underlying principles of the Policy remain unchanged, however, the Dilution Limits charts on page 65, the Illustrations of the Application of our Remuneration Policy graphs on page 66, the tables on page 68 and, where appropriate, references to page numbers, have been updated to ensure that they remain relevant to the year under review.

In line with the authority given by shareholders at the 2015 AGM, it is intended that the Policy will remain in force for three years. In accordance with the CA 2006 and the 2013 Regulations, the Committee will next submit the policy to shareholders at the 2018 AGM for their approval. The current Policy is also available at www.compass-group.com.

REMUNERATION POLICY AND COMPONENTS

The Committee reviews the Company's remuneration philosophy and structure to ensure that remuneration supports the Company's strategic objectives, is in line with best practice and can fairly reward individuals for the contribution that they make to the business. In doing this, we have regard to the size and complexity of the Group's operations and the need to motivate and attract employees of the highest calibre.

We have tried to develop our policy to maintain stability in the executive team and to ensure appropriate positioning against our comparator groups. Overall, we believe that the Policy is structured so that the executive directors are fairly rewarded, with the aim to keep reward at or around median and in line with appropriate benchmarks for the markets in which the Company operates. We consider our approach to be balanced and that it will stand the test of time.

The Group has more than 500,000 employees in over 50 different jurisdictions, which means that formal consultation with employees in respect of remuneration is impracticable. However, the Committee considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market and economic conditions and to governance trends when assessing the level of salaries and remuneration packages of executive directors and other members of the Executive Board.

The total remuneration package links corporate and individual performance with an appropriate balance between short and long term elements, and fixed and variable components. The Policy is designed to incentivise executives to meet the Company's key objectives, such that a significant portion of total remuneration is performance related, based on a mixture of internal targets linked to the Company's key business drivers (which can be measured, understood and accepted by both executives and shareholders, with whom we consulted during 2014 when the Policy was being formulated for shareholders' approval) and appropriate external comparator groups.

The Committee considers that the targets set for the different components of performance related remuneration are both appropriate and sufficiently demanding in the context of the business environment and the challenges with which the Group is faced as well as complying with the provisions of the Code.

The Committee has the discretion to amend certain aspects of the Policy in exceptional circumstances when considered to be in the best interests of shareholders. Should such discretion be used, this will be explained and reported in the DRR for the following year.

COMPONENT PARTS OF THE REMUNERATION PACKAGE

The key components of executive directors' remuneration for the period from 5 February 2015 and beyond (the Policy Period) are summarised below:

COMPONENT AND LINK TO STRATEGY	OPERATION OF THE COMPONENT	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
BASE SALARY Reflects the individual's role, experience and contribution. Set at levels to attract and retain individuals of the calibre required to lead the business.	Base salaries are reviewed annually with any increases normally taking effect on 1 January of each year. Salaries are appropriately benchmarked and reflect the role, job size and responsibility as well as the performance and effectiveness of the individual.	Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions and the approach to employee pay throughout the organisation. Significant increases may occur when an executive director progresses in the role; gains substantially in experience; there is a significant increase in the scale of the role; has been recruited on a salary below the market median. Where changes in responsibilities or significant variances to the market exist, these will be appropriately explained.	None.
BENEFITS AND PENSION To provide a competitive level of benefits.	Benefits include, but are not limited to, healthcare insurance for executive directors and their dependants, limited financial advice, life assurance and car benefit. These are offered to executive directors as part of a competitive remuneration package. Executive directors are invited to participate in the Company's defined contribution pension scheme or to take a cash allowance in lieu of pension entitlement.	The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value. For the Company's defined contribution pension scheme or cash allowance, the maximum annual contribution is 35% of base salary.	None.
ANNUAL BONUS Incentivise and reward the achievement of stretching one year key performance targets set by the Committee at the start of each financial year.	The annual bonus is earned by the achievement of one year performance targets set by the Committee at the start of each financial year and is delivered in cash. The Committee retains the discretion to adjust the bonus outcomes to ensure that they reflect underlying business performance. In particular, adjustments may be made for acquisitions and disposals. Bonus measures dependent on Adjusted Free Cash Flow (AFCF) are subject to the caveat that AFCF should not be affected by Board approved capital expenditure or other special or irregular timing differences. A supplementary financial underpin also applies such that the amount payable pursuant to the achievement of the non-Profit Before Interest and Tax (PBIT) measures may not exceed the on target payment unless the threshold Group PBIT measure has been achieved. The annual bonus is subject to malus and/or clawback in the event of discovery of a material misstatement in the accounts or in the assessment of a relevant performance condition or where the action or conduct of a participant amounts to fraud or serious misconduct or has a detrimental impact on the reputation of the Group.	The target award for executive directors (excluding the Group Chief Executive) is 75% of base salary, with a further maximum of 75% of base salary available for enhanced performance. 0% of the bonus pays out for below threshold performance but increases on a straight line basis to target payout. The target award for the Group Chief Executive is 100% of base salary, with a further maximum of 100% for enhanced performance. 0% of the bonus pays out for below threshold performance but increases on a straight line basis to target payout.	Performance is measured over the financial year. Performance measures are determined by the Committee each year and may vary to ensure that they promote the Company's long term business strategy and shareholder value. The bonus measures and their percentage weightings may vary, depending upon a director's area of responsibility. Bonus measures may include, but are not limited to, profit, revenue and cash flow metrics. Strategic KPIs may also be chosen. However, the overall metrics would always be substantially weighted to financial performance measures. Annual bonus targets are set with reference to internal budgets and analyst consensus forecasts, with maximum payout requiring performance well ahead of budget. Details of the specific measures applying to each element of the bonus for the year being reported on and the following financial year are shown in the Annual Remuneration Report on pages 72 and 73.

COMPONENT AND LINK TO STRATEGY	OPERATION OF THE COMPONENT	MAXIMUM OPPORTUNITY	PERFORMANCE MEASURES
LONG TERM INCENTIVE PLAN (LTIP) Incentivise and reward executive directors for the delivery of longer term financial performance and shareholder value. Share-based to provide alignment with shareholder interests. ADJUSTED FREE CASH FLOW (AFCF) The generation of cash is fundamental to the ongoing success of the Group and the use of AFCF as an LTIP performance measure directly aligns to this. RETURN ON CAPITAL EMPLOYED (ROCE) In parallel, ROCE supports the strategic focus on growth and margins through ensuring that cash is reinvested to generate appropriate returns. RELATIVE TOTAL SHAREHOLDER RETURN (TSR) The third performance measure of TSR provides direct alignment between the interests of executive directors and shareholders.	An annual conditional award of ordinary shares in the capital of the Company which may be earned after a single three year performance period, based on the achievement of stretching performance conditions. Calculations of the achievement of the targets are independently performed and are approved by the Committee. In order to ensure continued alignment between executive directors' and shareholders' interests, the Committee also reviews the underlying financial performance of the Group and retains its discretion to adjust vesting if it considers that performance is unsatisfactory. In respect of awards made from 2014-2015 onwards, executive directors will be required to hold vested LTIP shares (net of any shares sold to meet tax and social security liabilities) for a period of two years post vesting. Dividend equivalents may be accrued on the shares earned from any awards after 5 February 2015. Malus and clawback rules operate in respect of the LTIP. The Committee may decide at any time before an award vests, or for a period of three years after an award vests, that any participant will be subject to malus and/or clawback in the event of discovery of a material misstatement in the accounts or in the assessment of a relevant performance condition, or where the action or conduct of a participant amounts to fraud or serious misconduct or has a detrimental impact on the reputation of the Group. Awards are delivered in shares. However, the rules contain excepted provisions to deliver value in cash if necessary (for example, because of securities laws), subject to the discretion of the Committee, determined at any time up to their release. In the event of a change of control, any unvested awards will vest immediately, subject to satisfaction of performance conditions and reduction on a time apportioned basis.	Awards may be made with the following maximum levels: • Group Chief Executive: 250% • Other executive directors: 200% For performance measures other than TSR, 0% of the award vests for below threshold performance, increasing to 50% vesting on a straight line basis for achievement of on target performance, increasing to maximum vesting on a straight line basis for achievement of maximum performance. The element of an award based on relative TSR will vest in full for top quartile performance achievement and 25% of that element of the award will vest if performance is at the median. Awards will vest on a straight line basis between median and top quartile performance achievement. No shares will be released for this element of an award if the Company's TSR performance is below the median.	Performance is measured over three financial years. Performance measures are AFCF, improvement in ROCE and TSR, each measure applying to one third of an award. Relative TSR is measured relative to the companies comprising the TSR comparator group at the start of the period (the constituent members of the FTSE 100, excluding financial services companies). LTIP targets are set with reference to internal budgets and analysts' consensus forecasts, with maximum payment requiring performance well ahead of budget. Details of the targets for LTIP awards vesting and granted are set out as required in the Annual Remuneration Report on pages 74 and 75. For awards made prior to 7 February 2013, 50% of any award was based on AFCF over the three year performance period and 50% on the Company's TSR over the same period relative to the companies comprising the TSR comparator group at the start of the relevant period.

The executive directors' Remuneration Policy differs from that of other members of the Executive Board solely in respect of quantum of the various components and remuneration. Members of the wider leadership team receive each of the components of remuneration awarded to the executive directors. The wider employee population of the Group will receive remuneration that is considered to be appropriate in relation to their geographic location, level of responsibility and performance.

CLOSED INCENTIVE PLANS

The LTIP described in the table on page 64 is the primary form of equity incentive for executive directors. There are no outstanding awards to executive directors made prior to 2010 under the former long term incentive plan, being The Compass Group Long Term Incentive Plan.

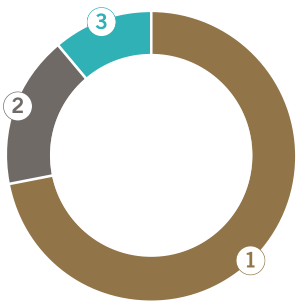
DILUTION LIMITS

All of the Company's equity based incentive plans incorporate the current Investment Association Share Capital Management Guidelines (Guidelines) on headroom which provide that overall dilution under all plans should not exceed 10% over a 10 year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any 10 year period for executive plans.

The Committee monitors the position regularly and prior to the making of any award, to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. On 30 September 2016, the Company held 11,575,887 treasury shares. During the financial year ended 30 September 2016, 3,780,997 treasury shares were utilised for the purpose of satisfying the Company's obligations under the Group's employee equity incentive schemes. As at 30 September 2016, the Company's headroom position, which remains within current Guidelines, was as shown in the charts below:

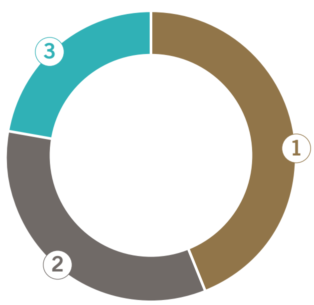
HEADROOM AS AT 30 SEPTEMBER 2016

10% IN 10 YEARS



1 Headroom 7.20%
2 Discretionary options 1.70%
3 LTIP 1.10%

5% IN 10 YEARS



1 Headroom 2.20%
2 Discretionary options 1.70%
3 LTIP 1.10%

SHARE OWNERSHIP GUIDELINES

In order that their interests are linked with those of shareholders, directors are expected to build up and maintain a personal shareholding in the Company.

Under the share ownership guidelines, the Group Chief Executive is required to hold a personal shareholding equal to the value of twice his base salary. Other executive directors are required to hold a personal shareholding equal to the value of one and a half times their base salary, and members of the Executive Board a personal shareholding equal to the value of their base salary. Non-executive directors are required to hold a personal shareholding equal to the value of their base fee.

For executive directors, the guideline shareholding may be achieved by retaining shares received as a result of participating in the Company's share plans. The guidance specifically excludes the need to make a personal investment should awards not vest. Non-executive directors are expected to purchase shares equating to a minimum value of one third of their net of tax fee each year until the guideline is met. The required level of shareholding is expected to be achieved within a four year period, commencing from the date of appointment.

Directors' shareholdings are reviewed annually by the Committee to ensure that directors are on course to achieve their guideline shareholding within the period required. However, if it becomes apparent to the Committee that the guideline is unlikely to be met within the timeframe, then the Committee will discuss with the director a plan to ensure that the guideline is met over an acceptable timeframe. The granting of future LTIP awards to an executive director will be conditional upon reaching the appropriate threshold in the required timeframe.

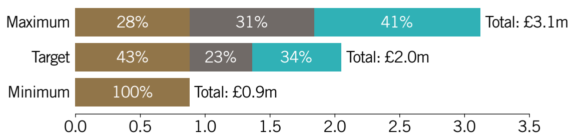
Details of the interests of directors in shares and equity incentives are set out on page 78, together with the extent to which each of the directors has complied with the guidelines as at 30 September 2016.

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

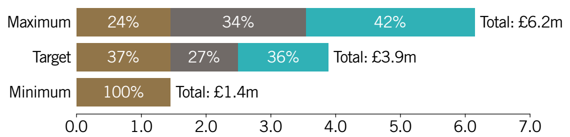
The graphs below show an estimate of the remuneration that could be received by executive directors under the Policy set out in this Report. Each bar gives an indication of the minimum amount of remuneration payable, remuneration payable at target performance and remuneration payable at maximum performance to each director under the Policy.

Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP.

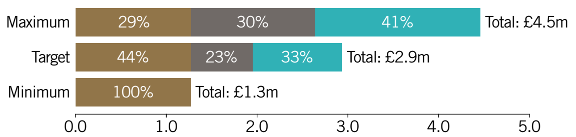
DOMINIC BLAKEMORE
ILLUSTRATION OF PACKAGE (£m)



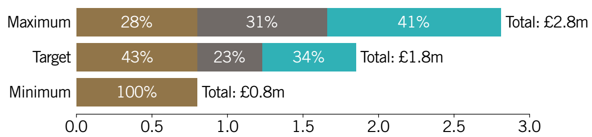
RICHARD COUSINS
ILLUSTRATION OF PACKAGE (£m)



GARY GREEN[1]
ILLUSTRATION OF PACKAGE (£m)



JOHNNY THOMSON
ILLUSTRATION OF PACKAGE (£m)



■ Fixed elements of remuneration ■ Annual bonus ■ Long Term Incentive Plan

The scenarios in the above graphs are defined as follows:

FIXED ELEMENTS OF REMUNERATION	• Base salary as at 30 September 2016 • Estimated value of benefits provided under the Remuneration Policy • Cash supplement in lieu of pension of 35% of base salary		
	MINIMUM PERFORMANCE	TARGET PERFORMANCE	MAXIMUM PERFORMANCE
ANNUAL BONUS (payout as a % maximum opportunity)	0%	50%	100%
LONG TERM INCENTIVE PLAN (vesting as a % maximum opportunity)	0%	54%[2]	100%

1. Note that Gary Green's elements of pay are converted into sterling with an exchange rate of $1.4218/£1 as used elsewhere in the Annual Report.
2. Based on AFCF and ROCE performance measures vesting at 50% of maximum and the TSR measure paying out at 62.5% of maximum (midway between threshold and maximum payout).

APPROACH TO RECRUITMENT REMUNERATION

The Committee will apply the same remuneration policy during the Policy Period as that which applies to existing executive directors when considering the recruitment of a new executive director in respect of all elements of remuneration, that is: salary, benefits, pension and short and long term incentives. It is envisaged that the maximum level of variable remuneration which may be granted to a new executive director would be within plan rules and identical to the policy maximum opportunity for existing executive directors and the Group Chief Executive. The recommended maximum awards permissible under the LTIP are 200% and 250% of base salary in respect of the bonus and LTIP opportunity per annum respectively. However, in exceptional circumstances, the rules allow for a maximum of 400% of base salary to be utilised for the LTIP opportunity.

Other arrangements may be established specifically to facilitate recruitment of a particular individual, albeit that any such arrangement would be made within the context of minimising the cost to the Company. The policy for the recruitment of executive directors during the Policy Period includes the opportunity to provide a level of compensation for forfeiture of bonus entitlements and/or unvested long term incentive awards from an existing employer, if any, and the additional provision of benefits in kind, pensions and other allowances, such as relocation, education and tax equalisation, as may be required in order to achieve a successful recruitment. Any arrangement established specifically to facilitate recruitment of a particular individual would be intended to be of comparable commercial value and capped as appropriate. The quantum, form and structure of any buyout arrangement will be determined by the Committee taking into account the terms of the previous arrangement being forfeited. The buyout may be structured as an award of cash or shares. However, the Committee will normally have a preference for replacement awards to be made in the form of shares, deliverable no earlier than the previous awards. Where an executive director is appointed from either within the Company or following corporate activity/reorganisation, the normal policy would be to honour any legacy arrangements in line with the original terms and conditions.

The policy on the recruitment of new non-executive directors during the Policy Period would be to apply the same remuneration elements as for the existing non-executive directors. It is not intended that variable pay, day rates or benefits in kind be offered, although in exceptional circumstances such remuneration may be required in currently unforeseen circumstances.

The Committee will include in annual reports details of the implementation of the Policy as utilised during the Policy Period in respect of any such recruitment to the Board.

EXECUTIVE DIRECTORS' SERVICE AGREEMENTS

It is the Company's policy that executive directors have rolling service contracts.

The current executive directors' service contracts contain the key terms shown in the table below:

SERVICE CONTRACT KEY TERMS BY PROVISION

PROVISION	DETAILED TERMS
REMUNERATION	• Base salary, pension and benefits • Company car or cash allowance • Private health insurance for director and dependants • Life assurance • Financial planning advice • 25 days paid annual leave • Participation in annual bonus plan, subject to plan rules • Participation in LTIP, subject to plan rules
CHANGE OF CONTROL	• No special contractual provisions apply in the event of a change of control
NOTICE PERIOD	• 12 months notice from the Company • 6 months notice from the director (12 months from Richard Cousins)
TERMINATION PAYMENT	Payment in lieu of notice equal to: • 12 months base salary • Pension supplement • 10% of base salary in respect of benefits All of the above would be paid in monthly instalments, subject to an obligation on the part of the director to mitigate his loss such that payments will either reduce, or cease completely, in the event that the director gains new employment/remuneration.
RESTRICTIVE COVENANTS	• During employment and for 12 months after leaving

The historic policy on the payment of bonus on termination, which was in place prior to June 2008, was the provision of a payment, at par or target, of bonus in respect of the notice period, where the Company exercised its right to make a payment in lieu of notice. Messrs Cousins and Green's service contracts are based on this historic policy as was Mr Martin's (details of payments made to Mr Martin for loss of office can be found on page 77). When introducing the revised policy in June 2008 and after careful consideration, the Committee concluded that it was not in shareholders' interests to migrate such contracts onto the amended policy. Dominic Blakemore and Johnny Thomson's service contracts fully comply with the policy in effect from June 2008. All executive directors' service contracts impose a clear obligation to mitigate such payment should a departing executive director take on new employment or receive alternative remuneration. The Committee believes the obligation to mitigate adequately addresses the issue.

All of the executive directors' service contracts, with the exception of that of Johnny Thomson who was appointed to the Board on 1 December 2015, were entered into before 27 June 2012 and have not been modified or renewed on or after that date. As such, remuneration payments or payments for loss of office that are required to be made under them are not required to be (but are) consistent with the Policy. Johnny Thomson's service contract fully complies with the Policy.

Whilst unvested awards will normally lapse, the Committee may in its absolute discretion allow for awards to continue until the normal vesting date and be satisfied, subject to achievement of the attendant performance conditions. In such circumstances, awards vesting will normally be prorated on a time apportioned basis, unless the Committee determines otherwise.

Any such discretion in respect of leavers would only be applied by the Committee to 'good leavers' where it considers that continued participation is justified, for example, by reference to prior performance to the date of leaving. The malus and clawback provisions would continue to apply in the event that any such discretion was exercised.

Details of Andrew Martin's payments for loss of office are set out on page 77 and include commentary about the discretion which was originally exercised by the Committee, the benefit of which was subsequently waived by him.

Service contracts outline the components of remuneration paid to the individual but do not prescribe how remuneration levels may be adjusted from year to year.

The senior executives who are members of the Executive Board, and who are referred to in note 3 to the consolidated financial statements on page 107, have similar service contracts.

The executive directors in office at the date of this Report have served on the Board for the periods shown below and have service agreements dated as follows:

	DATE OF CONTRACT	LENGTH OF BOARD SERVICE AS AT 30 SEPT 2016
Dominic Blakemore	12 December 2011	4 years, 7 months
Richard Cousins	22 November 2007	10 years, 5 months
Gary Green	27 November 2007	9 years, 9 months
Johnny Thomson	23 September 2015	9 months

Andrew Martin stepped down from the Board on 1 December 2015.

CHAIRMAN

The fee for the Chairman is reviewed annually by the Committee with any increase taking effect on 1 October. In addition to his annual fee, the Chairman is paid a cash sum in lieu of provision by the Company of a car and chauffeur for use on Company business. The Chairman is not entitled to any benefits in kind and is not eligible for pension scheme membership, bonus or incentive arrangements. The Chairman's appointment is terminable without compensation on six months notice from either side. Following consideration by the Committee, the Chairman's fee of £500,000 per annum was increased by 2% to £510,000 per annum from 1 October 2016.

The Chairman, Paul Walsh, has a letter of engagement dated 19 June 2013 in respect of his original appointment as a non-executive director for a period of three years from 1 January 2014. Mr Walsh became Chairman at the conclusion of the Company's AGM on 6 February 2014. Mr Walsh will complete his first three year term as Chairman on 6 February 2017. This was extended on 21 September 2016 for a further three year term.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The fees for the non-executive directors are reviewed and determined by the Board each year to reflect appropriate market conditions.

No increase was effected during the year under review. The fees for the year ended 30 September 2016 comprised a base fee of £84,000 per annum, which includes membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees.

Subject to a cap on the maximum amount of fees payable to any non-executive director of £125,000 per annum, an additional fee of £22,000 per annum is payable where a non-executive director acts as Chairman of either the Audit or Remuneration Committee and £12,000 is payable to the Chairman of the Corporate Responsibility Committee. An additional fee of £27,000 per annum is also payable to the director nominated as SID. Non-executive directors are not eligible for pension scheme membership, bonus, incentive arrangements or other benefits, save reimbursement of travel costs. Following an independent peer/market review conducted by PricewaterhouseCoopers LLP (PwC), and with effect from 1 October 2016, the annual fees payable for chairing the Audit, Remuneration and Corporate Responsibility committees were increased to £27,000, £25,000 and £15,000 respectively.

Non-executive directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable at three year intervals by mutual consent. In accordance with the Code, all directors offer themselves for annual re-election by shareholders. Details of non-executive directors' (in office at the date of this Report) appointments, which are terminable without compensation, are set out in the table below, together with the dates on which their appointments have been formally revised:

NON-EXECUTIVE DIRECTOR	ORIGINAL DATE OF APPOINTMENT	LETTER OF ENGAGEMENT	TOTAL LENGTH OF SERVICE AS AT 30 SEPT 2016
Carol Arrowsmith	1 Jun 2014	14 May 2014	2 years, 4 months
John Bason	21 Jun 2011	10 May 2011 7 May 2014*	5 years, 3 months
Stefan Bomhard	5 May 2016	5 May 2016	5 months
Susan Murray	11 Oct 2007	11 Oct 2007 16 Mar 2010* 8 May 2013*	9 years
Don Robert	8 May 2009	8 May 2009 8 May 2012* 11 Mar 2015*	7 years, 5 months
Nelson Silva	16 July 2015	16 July 2015	1 year, 3 months
Ireena Vittal	16 July 2015	16 July 2015	1 year, 3 months

* Date on which appointment was formally revised.

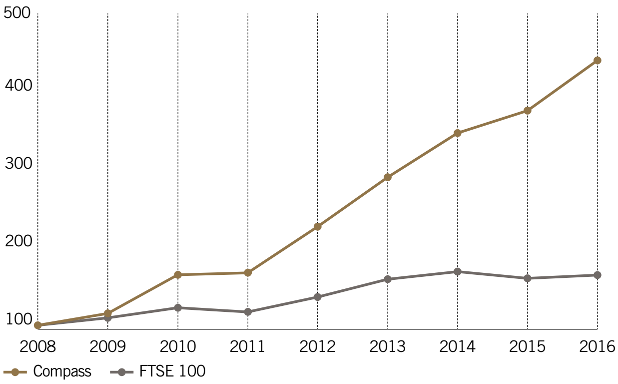
ANNUAL REMUNERATION REPORT

REMUNERATION IN DETAIL FOR THE YEAR ENDED 30 SEPTEMBER 2016

TOTAL SHAREHOLDER RETURN (TSR)

The performance graph below shows the Company's TSR performance against the performance of the FTSE 100 over the eight year period to 30 September 2016. The FTSE 100 Index has been chosen as a broad equity market index of which the Company has been a constituent member throughout the period.

TOTAL RETURN INDICES – COMPASS V FTSE 100



(SEPTEMBER)

PAY FOR PERFORMANCE

The Committee believes that the executive director remuneration policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Company. To maintain this relationship, the Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows Richard Cousins' total remuneration over the last eight years and his achieved annual variable and long term incentive pay awards as a percentage of the plan maxima.

RICHARD COUSINS	SINGLE FIGURE OF TOTAL REMUNERATION £000	ANNUAL VARIABLE ELEMENT: AWARD PAYOUT AGAINST MAXIMUM OPPORTUNITY %	LTIP VESTING RATES AGAINST MAXIMUM OPPORTUNITY %
2016	5,822[1]	85.8	84.5
2015	5,325[2]	88.7	79
2014	6,298[3]	87.3	100
2013	5,532[4]	84.5	98
2012	4,867[5]	71.8	100
2011	4,410	75.0	100
2010	5,614	96.0	100
2009	5,268	85.0	100

1. Includes LTIP indicative vesting amount of £2.590 million.
2. LTIP indicative vesting amount of £2.120 million was disclosed in the 2015 Annual Report. Actual gain was £2.174 million.
3. LTIP indicative vesting amount of £3.643 million was disclosed in the 2014 Annual Report. Actual gain was £3.657 million.
4. LTIP indicative vesting amount of £2.960 million was disclosed in the 2013 Annual Report. Actual gain was £2.928 million.
5. LTIP indicative vesting amount of £2.451 million was disclosed in the 2012 Annual Report. Actual gain was £2.507 million.

PERCENTAGE CHANGE IN REMUNERATION OF GROUP CHIEF EXECUTIVE

In the year ended 30 September 2016, Mr Cousins received 3% salary more and 0.35% bonus less than the equivalent amounts for the year ended 30 September 2015. He received a 10.4% decrease in taxable benefits in 2015-2016 from the previous year. The percentage changes for all full-time equivalent employees based in the UK were 4.2% increase, 9% increase and 3.7% increase respectively. The UK employee workforce was chosen as the most suitable comparator group as Mr Cousins is based in the UK and pay changes across the Group vary widely depending on local market conditions. However, the nature of Mr Cousins' global role and responsibilities makes meaningful comparisons with any group of employees difficult and due caution should be exercised in this regard. We acknowledge a growing desire for companies to disclose pay ratios. We are committed to such a disclosure, albeit that creating a meaningful disclosure with more than 500,000 employees across 50 countries is complex.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the amounts paid in share buybacks, dividends and total employee costs for the years ended 30 September 2015 and 2016.

DISPERSALS	2016 £M	2015 £M	CHANGE %
Share buybacks[1]	100	328	(69.5)
Dividends paid[2]	496	457	8.5
Total employee costs[3]	8,909	7,959	11.9

1. From 1 October 2015 to 31 March 2016 the Company repurchased 6,560,656 ordinary shares of 10$\frac{5}{8}$ pence for a consideration of £72.7 million (including expenses). These shares were subsequently transferred to be held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes. From 1 April 2016 to 30 September 2016 and from 1 October 2016 up to the date of this Report, 2,110,923 and 376,622 ordinary 10$\frac{5}{8}$ pence shares were repurchased for a consideration of £27.5 million and £5.2 million (including expenses) respectively, and subsequently cancelled. Shares held in treasury are not eligible to participate in dividends and do not carry any voting rights.
2. The total dividend paid during the year ended 30 September 2015 was £457 million and share capital in issue on that date was 1,657 million ordinary shares. The total dividend paid during the year ended 30 September 2016 was £496 million and share capital in issue on that date was 1,654 million ordinary shares. The full year dividend per ordinary share for the year ended 30 September 2016 increased by 7.8%.
3. Total employee costs includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including directors. The average number of employees, including directors and part-time employees in operations during 2016 was 527,180 (2015: 516,922).

DIRECTORS' SINGLE TOTAL FIGURE OF REMUNERATION

The table below sets out in a single figure the total amount of remuneration, including each element, received by each of the executive directors in office for the year ended 30 September 2016.

	DOMINIC BLAKEMORE		RICHARD COUSINS		GARY GREEN[1]		ANDREW MARTIN[2]		JOHNNY THOMSON[3]	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Fixed pay										
Base salary[4]	**633**	581	**1,037**	1,009	**900**	795	**112**	665	**479**	–
Taxable benefits[5]	**16**	16	**39**	44	**46**	41	**7**	42	**101**	–
Pension[6]	**222**	203	**363**	353	**315**	279	**39**	233	**168**	–
Total fixed pay	**871**	800	**1,439**	1,406	**1,261**	1,115	**158**	940	**748**	–
Performance related pay										
Bonus[7]	**624**	798	**1,793**	1,799	**1,365**	1,136	**144**	730	**617**	–
LTIP[7,8,9,10]										
Value delivered through corporate performance	**585**	507	**1,568**	1,360	**910**	781	**132**	687	**338**	–
Value delivered through TSR	**381**	284	**1,022**	760	**594**	437	**86**	384	**221**	–
Total long term incentives	**966**	791	**2,590**	2,120	**1,504**	1,218	**218**	1,071	**559**	–
Total remuneration related to executive director appointment	**2,461**	2,389	**5,822**	5,325	**4,130**	3,469	**520**	2,741	**1,924**	–
Other performance related pay[11]										
Awards granted prior to appointment as executive director – performance conditions relate to previous role										
The Plan	**–**	–	**–**	–	**–**	–	**–**	–	**577**	–
Total single figure	**2,461**	2,389	**5,822**	5,325	**4,130**	3,469	**520**	2,741	**2,501**	–

1. Gary Green's salary of US$1.294 million and his other emoluments are shown in sterling at an exchange rate of US$1.4218/£1 (2015: US$1.5482/£1). In US$ terms Gary Green's salary was paid at the annual rate of US$1,241,337 from 1 January 2015 and US$1,294,000 from 1 January 2016, being an increase of 4.24%.
2. Andrew Martin stepped down from the Board on 1 December 2015. The amounts shown for 2016 in relation to salary, benefits and bonus are the amounts paid during the year, prorated by reference to the period during which he was an executive director of the Company. Details of payments for loss of office can be found on page 77.
3. Johnny Thomson was appointed as a director of the Company on 1 December 2015. His base salary on appointment was £575,000 per annum. No disclosure has been made in respect of his fixed pay and bonus for the year ended 30 September 2015 as it was earned by him in a period prior to his appointment as an executive director of the Company. The amounts disclosed for 2016 for fixed and performance related pay have been prorated to reflect his time in office during the year.
4. Salary increases of 6.66%, 3%, and 4.24% for Messrs Blakemore, Cousins and Green respectively were implemented on 1 January 2016 (1 December 2015 for Mr Blakemore) as disclosed in the 2015 DRR.
5. Taxable benefits comprise healthcare insurance, limited financial advice, life assurance and car benefit. Mr Thomson also received a relocation allowance from Brazil to the UK of £50,000 grossed up, which is included in the table above.
6. Pension: a supplement of 35% of base salary is paid in monthly instalments in lieu of pension participation.
7. Details of the performance measures and weighting as well as achieved results for the bonus and LTIP components are shown on pages 72 to 75.
8. LTIP 2016: amount shown is the indicative value based on the average market price of Compass Group PLC shares over three months from 1 July to 30 September 2016 of LTIPs that have become receivable as a result of the achievement of conditions relating to performance in the three years ended 30 September 2016.
9. LTIP 2015: amount shown is the indicative vesting value on 24 November 2015. The actual value subsequently received by Messrs Cousins, Green and Martin, based on a sale price of 1107.3513 pence on 26 November 2015, was £2,174,030, £1,248,583 and £1,097,695 respectively. Mr Blakemore disposed of 33,623 shares on the same day at 1107.3513 pence for which he received £372,325. Theoretically, if Mr Blakemore had chosen to exercise his vested awards in full, he would have received the notional value of £810,615. Theoretically, if all of the directors had chosen to dispose of their 2015 LTIP award in full, this would have equated to a combined total of £5,330,923, approximately £131,673 more than the indicative value reported.
10. Mr Martin retained an interest in 105,747 shares that were awarded conditionally to him in 2013, prior to his leaving the Board. The award vested in part at 84.5% on 22 November 2016. The indicative value of this award has been calculated on the basis of average market value of Compass Group PLC shares over the three months between 1 July and 30 September 2016 and then prorated for the period during which Mr Martin was an executive director of the Company.
11. At the date of his appointment on 1 December 2015, Mr Thomson had an interest in 59,630 shares that were awarded conditionally prior to him joining the Board under a 'below board' plan, (the Plan). The Plan has a three year performance period and is subject to corporate performance conditions. On 3 December 2015, following satisfaction of the associated corporate performance conditions, 49,008 of these awards were released and retained by Mr Thomson. If Mr Thomson had elected to sell these shares, he would have received a notional sum of £577,314 based on the indicative vesting value on 2 December 2015 of 1178.00 pence per share. The remaining 10,622 shares conditionally awarded to Mr Thomson under the Plan are due to vest, subject to satisfaction of the associated corporate performance conditions, on 29 November 2016.

The annual rate of base salaries of the executive directors in office for the year ended 30 September 2016 was:

DIRECTOR	BASE SALARY	EFFECTIVE DATE	INCREASE	REASON
Dominic Blakemore	£640,000	1 December 2015	6.66%	Changes in responsibility and role
Richard Cousins	£1,044,785	1 January 2016	3%	Benchmarked v comparator group
Gary Green	$1,294,000	1 January 2016	4.24%	Benchmarked v comparator group
Andrew Martin[1]	£669,500	1 January 2015	3%	Benchmarked v comparator group
Johnny Thomson[2]	£575,000	1 December 2015	–	Benchmarked v comparator group

1. Mr Martin stepped down as a director of the Company on 1 December 2015. The 3% year on year increase is in comparison to his salary for the year ended 31 December 2014. Details of payments for loss of office can be found on page 77.
2. Johnny Thomson was appointed to the Board on 1 December 2015. Prior to the appointment being made, the Committee asked PwC to perform a benchmarking review of salaries for peer roles in FTSE 50 companies. In line with the Policy, the Committee adopted a balanced approach when determining the level of remuneration to be paid, having regard to the findings of the benchmarking report and bearing in mind that it was Mr Thomson's first role as a Group Finance Director of a listed company. His salary on appointment was set at £575,000 per annum, below the median for comparable FTSE 50 roles, with the aim of making incremental increases if considered appropriate to reflect experience and progression in the role and to bring Mr Thomson's base salary in line with that of his FTSE peers.

The proposed annual rate of base salaries of the executive directors in office on 1 January 2017 will be:

DIRECTOR	BASE SALARY	EFFECTIVE DATE	INCREASE	REASON
Dominic Blakemore	£656,000	1 January 2017	2.5%	Relevant peer/market & performance
Richard Cousins	£1,070,000	1 January 2017	2.4%	Relevant peer/market & performance
Gary Green	$1,345,760	1 January 2017	4%	Relevant peer/market & performance
Johnny Thomson[1]	£621,000	1 January 2017	8%	Progression in the role, gain in experience

1. The base salary from 1 January 2017 reflects Johnny Thomson's progression in his role and the gain in his experience since appointment. Please refer to note 2 in the table above.

Non-executive directors receive fees only, which are shown on page 68, together with the Chairman's fees and benefits. The aggregate total amount of remuneration received by all directors in office during the year ended 30 September 2016 is shown below:

	2016 £000	2015 £000
Executive directors	**15,434**	13,924
Chairman and non-executive directors	**1,200**	1,064
Total	**16,634**	14,988

2015-2016 BONUS

The financial targets for the bonus for the year ended 30 September 2016, and the extent to which they were achieved, were as set out below. It is intended to continue to disclose regional targets, as set out below, on a retrospective basis. The achievement of targets is calculated on a straight line basis between Minimum and Par (target) and between Par (target) and Maximum.

As was the case for previous years, the measurement of the achievement of the AFCF and PBIT results is based on the underlying outcome achieved in the financial year, with gains/losses attributable to currency movements, charges and the impacts of restructuring and/or acquisitions/disposals, usually being excluded.

2015-2016 TARGETS

MESSRS COUSINS, THOMSON AND MARTIN (TO 31 DECEMBER 2015)

FINANCIAL MEASURES[1]	% WEIGHTING	MINIMUM	PAR (TARGET)	MAXIMUM	ACHIEVED
PBIT[2]	55	£1,320m	£1,347m	£1,374m	£1,375m
AFCF[3]	15	£646m	£666m	£686m	£841m
ORG[4]	25	3.60%	4.60%	5.60%	4.9%

GROUP HSE IMPROVEMENT			TARGET	ACHIEVED	ACHIEVED
Lost Time Injury Rate	2.5		4.36	4.37	No
Food Safety Incident Rate	2.5		0.33	0.34	No

DOMINIC BLAKEMORE

FINANCIAL MEASURES[1]	% WEIGHTING	MINIMUM	PAR (TARGET)	MAXIMUM	ACHIEVED
PBIT[2]	5	£1,320m	£1,347m	£1,374m	£1,375m
RPBIT[5]	50	£393.40m	£397.40m	£401.30m	£400m
MAWC[6]	15	(£204.10m)	(£213.70m)	(£233.00m)	(£211.90m)
RORG[7]	25	2.30%	3.30%	4.30%	2.90%

EUROPE HSE IMPROVEMENT			TARGET	ACHIEVED	ACHIEVED
Regional Lost Time Injury Rate	2.5		5.95	5.71	Yes
Regional Food Safety Incident Rate	2.5		0.37	0.36	Yes

GARY GREEN

FINANCIAL MEASURES[1]	% WEIGHTING	MINIMUM	PAR (TARGET)	MAXIMUM	ACHIEVED
PBIT[2]	5	£1,320m	£1,347m	£1,374m	£1,375m
RPBIT growth[5]	55	6.6%	7.4%	8.4%	9.1%
MAWC[6]	15	($721.30m)	($736.30m)	($751.30m)	($769.0m)
RORG[7]	25	5.00%	6.00%	8.00%	8.00%

NORTH AMERICA HSE IMPROVEMENT

HSE for the North American business is measured through North American underlying PBIT.

2015-2016 OUTCOMES

	DOMINIC BLAKEMORE[8]	RICHARD COUSINS[8]	GARY GREEN[8]	ANDREW MARTIN[8,10]	JOHNNY THOMSON[8]
MEASURE	% OF PERFORMANCE TARGET ACHIEVED	% OF PERFORMANCE TARGET ACHIEVED	% OF PERFORMANCE TARGET ACHIEVED	% OF PERFORMANCE TARGET ACHIEVED	% OF PERFORMANCE TARGET ACHIEVED
PBIT/RPBIT[2,5]	47/55[2,5]	55/55[2]	60/60[2,5]	55/55[2]	55/55[2]
ACFC[3]	–	15/15	–	15/15	15/15
MAWC[6]	6/15	–	15/15	–	–
ORG/RORG[4,7]	7/25[7]	15.8/25[4]	25/25[7]	15.8/25[4]	15.8/25[4]
HSE	5/5	0/5	–[9]	0/5	0/5
Total	**65/100**	**85.8/100**	**100/100**	**85.8/100**	**85.8/100**

NOTES TO TABLES

1. Financial measures for 2015-2016 bonus purposes are all set at 2016 foreign exchange budget rates, not actuals.
2. PBIT is underlying Profit Before Interest and Tax (Group).
3. AFCF is Adjusted Free Cash Flow (Group).
4. ORG is Organic Revenue Growth (Group).
5. RPBIT is underlying Profit Before Interest and Tax for Region of responsibility.
6. MAWC is 10 months/12 months Average Working Capital Balance for region of responsibility for Mr Green and Mr Blakemore respectively.
7. RORG is Organic Revenue Growth for Region of responsibility.
8. Messrs Blakemore, Cousins, Green, Thomson and Martin's entitlements to any bonus related to the achievement of AFCF and PBIT were adjusted, in accordance with the established framework to exclude all unbudgeted M&A spend together with routine restructuring costs.
9. HSE for the North American business is measured through North American underlying PBIT.
10. Mr Martin stepped down as a director of the Company on 1 December 2015. Details of payments for loss of office can be found on page 77.

BONUS PAYOUT

The outcome of the annual bonus for the year ended 30 September 2016 was due to the strong underlying financial performance aligned with the delivery of the Group's long term strategy. The table below shows the resulting payout to each executive director in office during the year in such capacity:

	2015-2016 BONUS PAYMENT (AS % OF BASE SALARY)	VALUE OF BONUS
Dominic Blakemore	97.5%	£624,481
Richard Cousins	171.6%	£1,792,777
Gary Green	150%	$1,941,000
Andrew Martin	128.25%	£143,602
Johnny Thomson	128.25%	£616,663

No discretion was applied by the Committee in respect of the directors' bonuses for the year under review. The rules of the current annual bonus plan do not include any deferment of payment of any element of the same.

Mr Martin stepped down as a director with effect from 1 December 2015 and Mr Thomson became a director on the same day. The values shown have, therefore, been prorated to reflect their periods in office during the financial year ended 30 September 2016. Details of payments made for loss of office can be found on page 77.

2016-2017 BONUS

PERFORMANCE MEASURES

The annual bonus elements for executive directors for the year ending 30 September 2017 are unchanged. They are:

MEASURE	DOMINIC BLAKEMORE	RICHARD COUSINS	GARY GREEN	JOHNNY THOMSON
PBIT	55%[1]	55%[2]	60%[1]	55%[2]
AFCF	–	15%	–	15%
MAWC	15%[3]	–	15%[3]	–
ORG/RORG	25%[4]	25%[5]	25%[4]	25%[5]
HSE	5%	5%	–[6]	5%
Total	100%	100%	100%	100%

1. Underlying PBIT split between Group PBIT and PBIT for Region of responsibility (Mr Blakemore: 5% Group/50% Regional, Mr Green: 5% Group/55% Regional).
2. Underlying PBIT (Group).
3. MAWC for Region of responsibility.
4. RORG for Region of responsibility.
5. ORG (Group).
6. HSE for the North American business is measured through North American underlying PBIT.

The Committee has set the targets for the annual bonus plan for the year ending 30 September 2017 but has chosen not to disclose the details in this Report, as it is the opinion of the Committee that it may be seriously prejudicial to the interests of the Company to do so, and our major competitors do not disclose their targets or projected forecasts. However, the specific targets and the extent to which the targets have been met (both at Group and Regional levels) will be disclosed in next year's Report.

LONG TERM INCENTIVE AWARDS

During the year ended 30 September 2016, executive directors received a conditional award of shares which may vest after a three year performance period which will end on 30 September 2018, based on the achievement of stretching performance conditions. The maximum levels achievable under these awards are set out in the table below:

DIRECTOR	LTIP AWARD (AS A % OF BASE SALARY)	FACE VALUE OF AWARD[1] £000
Dominic Blakemore	200%	1,280
Richard Cousins	250%	2,536
Gary Green	200%	1,604
Johnny Thomson	200%	1,150
		6,570

1. Face value of award as at the date of grant on 25 November 2015 is based on the closing market price of 1080.00 pence per share on 24 November 2015. No award was made to Andrew Martin during the year ended 30 September 2016.

In accordance with the Company's Share Ownership Guidelines, executive directors are required to hold vested awards for a period of two years following vesting so as to further strengthen the long term alignment of executives' remuneration packages with shareholders' interests and, if required, to facilitate the implementation of provisions related to malus and clawback.

The table below sets out the performance measures for the awards:

DEFINITION OF MEASURE	WEIGHTING
Adjusted FCF Adjusted FCF includes capital expenditure, net interest and net tax spend but excludes discontinued activities, acquisition spend, disposal proceeds, and unusual or irregular items or timing differences.	⅓
ROCE achievement The definition aims to measure the underlying economic performance of the Company. ROCE is calculated using constant currency values for the underlying operating profit, net of tax at the underlying rate for the year, and after profit relating to non-controlling interests. The capital employed figure excludes the post-employment benefit asset/liability, net of deferred tax, impaired goodwill, amortised intangibles arising on acquisitions and the net assets relating to non-controlling interests.	⅓
TSR Performance compared to that of constituent members of the FTSE 100 (excluding financial services companies). TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three year performance period).	⅓

In setting the performance targets, the Committee considers internal budgets and the Group's strategic plan, market expectations and general economic conditions. The table on page 75 shows the targets against which performance has been measured to determine the vesting of the grant of awards for the year ended 30 September 2016 and forms part of the Policy detailed in the Policy Report on pages 62 to 68.

TARGETS FOR AWARDS VESTED IN THE YEAR ENDED 30 SEPTEMBER 2016

AFCF target

LEVEL OF PERFORMANCE	THRESHOLD	MAXIMUM	ACHIEVED
Vesting % of each component	0%	100%	92.7%
AFCF	£2,423m	£2,679m	£2,660m

ROCE target

LEVEL OF PERFORMANCE	THRESHOLD	MAXIMUM	ACHIEVED
Vesting % of each component	0%	100%	60.7%
As at date of Award	18.4%	20.1%	–
Reconciled at the end of the performance period*	18.99%	20.88%	20.13%

TSR target

LEVEL OF PERFORMANCE	BELOW MEDIAN	MEDIAN	UPPER QUARTILE	ACHIEVED
Vesting % of each component	0%	25%	100%	100%

* ROCE targets are updated at the end of the performance period to reflect actual acquisition spend and constant currency.

LONG TERM INCENTIVE PLAN PERFORMANCE

100% of the TSR, 92.7% of AFCF and 60.7% of the ROCE performance measures were achieved at the end of the three year performance period, such that 84.5% of the LTIP awards made during the 2013-2014 financial year vested. Shares will be delivered to individuals following the release of the preliminary results for the year ended 30 September 2016. The Committee applied the established framework to deal with items that were unforeseen at the time the targets were set in 2013-2014 and which were in the long term interests of shareholders. AFCF was adjusted to exclude a one-off supplementary contribution to the US pension and additional interest incurred in connection with the 2014 Return of Cash to shareholders. Both the ACFC and ROCE measures were adjusted to exclude a payroll timing distortion, a one-off capital investment in the Defence, Offshore & Remote business and restructuring both in the Defence, Offshore & Remote and European businesses to reflect trading conditions.

2013-2014 LTIP PERFORMANCE PERIOD ENDED 30 SEPTEMBER 2016 AND VESTED 22 NOVEMBER 2016

	PERFORMANCE CONDITIONS					
DIRECTOR	TSR % VESTED ON MATURITY[3]	AFCF % VESTED ON MATURITY	ROCE % VESTED ON MATURITY	NUMBER OF SHARES AWARDED	NUMBER OF SHARES VESTED	VALUE OF SHARES ON VESTING[4] £000
Dominic Blakemore	100%	92.7%	60.7%	78,090	65,959	966
Richard Cousins	100%	92.7%	60.7%	209,436	176,902	2,590
Gary Green	100%	92.7%	60.7%	121,620	102,727	1,504
Andrew Martin[1]	100%	92.7%	60.7%	105,747	89,320	1,308
Johnny Thomson[2]	100%	92.7%	60.7%	45,180	38,161	559

1. Mr Martin stepped down from the Board on 1 December 2015. Details of payments for loss of office can be found on page 77.
2. 26/36 months of the performance period was completed by Mr Thomson prior to his appointment as a director of the Company. Mr Thomson also has an interest in 10,622 shares which were awarded in connection with a 'below board' plan prior to his appointment as a director of the Company, more details of which can be found on page 70.
3. TSR ranking was 8th in its comparator group.
4. The value of the shares on vesting has been calculated by reference to the average market price of Compass Group PLC shares over the three months from 1 July to 30 September 2016 (1464.25 pence per share).

The table below shows the targets against which performance will be measured to determine the vesting of the grant of awards to be made in the year ending 30 September 2017 and forms part of the Policy detailed in the Policy Report on pages 62 to 68.

TARGETS FOR AWARDS TO BE MADE ON 23 NOVEMBER 2016 FOR THE YEAR ENDING 30 SEPTEMBER 2017

AFCF and ROCE target

LEVEL OF PERFORMANCE	VESTING % OF EACH COMPONENT	AFCF	ROCE
Threshold	0%	£2,609m	18.10%
Par (target)	50%	£2,746m	18.60%
Maximum	100%	£2,883m	19.10%

TSR target

LEVEL OF PERFORMANCE	VESTING % OF EACH COMPONENT
Below Median	0%
Median	25%
Upper Quartile	100%

The vesting of the shares under each performance condition is independent. Therefore, the total vesting amount is based on the relevant percentage achievement for each performance measure. Awards vest on a straight line basis between Threshold and Par and between Par and Maximum. If performance under a component does not exceed the Threshold level, vesting for that component will be nil. At the end of the performance period, the Committee will review the underlying financial performance of the Company and retain its discretion to adjust vesting if it considers that financial performance is unsatisfactory.

In setting targets for the awards in the year ending 30 September 2017, the Committee set a target requiring an improvement in underlying ROCE. It is recognised that tax rates for the performance period will be higher for the prior periods, and this will reduce reported ROCE. The Committee considers the measures and targets to be appropriate and challenging. Calculations of the achievement of the targets will be independently performed and approved by the Committee. The Committee will retain discretion to adjust for material events which occur during the performance period and the nature of any such adjustments will be disclosed in the DRR, together with details of the achieved AFCF, ROCE and TSR performance, as determined by the above definitions, at the end of the performance period.

The table below sets out the percentage of each LTIP award made to executive directors within the last five years which has vested and the percentage of each extant award, had it vested on 30 September 2016:

YEAR OF AWARD	MATURITY DATE	PERFORMANCE CONDITIONS	TSR % VESTED ON MATURITY OR INDICATIVE VESTING PERCENTAGE	AFCF % VESTED ON MATURITY	ROCE % VESTED ON MATURITY
2011-2012	1 Oct 2014	TSR/AFCF	100%	100%	n/a
2012-2013	1 Oct 2015	TSR/AFCF/ROCE	85%	78%	74%
2013-2014	1 Oct 2016	TSR/AFCF/ROCE	100%	92.7%	60.7%
2014-2015	1 Oct 2017	TSR/AFCF/ROCE	100% (after 24 months)	100% (after 24 months)	61% (after 24 months)
2015-2016	1 Oct 2018	TSR/AFCF/ROCE	100% (after 12 months)	84% (after 12 months)	100% (after 12 months)

AFCF targets for each of the last three years are shown within note 22 to the consolidated financial statements on pages 136 to 140.

EXTANT EQUITY INCENTIVE AWARDS HELD BY EXECUTIVE DIRECTORS

Details of all existing equity incentive awards as at the date of this Report, including the awards conditionally made under the long term incentive plans to the executive directors at any time during the year ended 30 September 2016, are shown in the table below. None of the executive directors hold any extant award under any previously operated share option scheme:

LTIP

DIRECTOR	AS AT 30 SEPT 2015: NUMBER OF SHARES	AWARDED DURING THE YEAR: NUMBER OF SHARES	RELEASED DURING THE YEAR: NUMBER OF SHARES	LAPSED DURING THE YEAR: NUMBER OF SHARES	**AS AT 30 SEPT 2016: NUMBER OF SHARES**	MARKET PRICE AT DATE OF AWARD: PENCE	DATE OF AWARD	MATURITY DATE
Dominic Blakemore	92,664	–	73,203	19,461	–	775.00	12 Feb 2013	1 Oct 2015
	78,090	–	–	–	**78,090**	921.00	29 Nov 2013	1 Oct 2016
	104,802	–	–	–	**104,802**	1145.00	6 Feb 2015	1 Oct 2017
	–	118,518	–	–	**118,518**	1080.00	25 Nov 2015	1 Oct 2018
Total	**275,556**	**118,518**	**73,203**	**19,461**	**301,410**			
Richard Cousins	248,517	–	196,327	52,190	–	775.00	12 Feb 2013	1 Oct 2015
	209,436	–	–	–	**209,436**	921.00	29 Nov 2013	1 Oct 2016
	221,475	–	–	–	**221,475**	1145.00	6 Feb 2015	1 Oct 2017
	–	234,804	–	–	**234,804**	1080.00	25 Nov 2015	1 Oct 2018
Total	**679,428**	**234,804**	**196,327**	**52,190**	**665,715**			
Gary Green	142,728	–	112,754	29,974	–	775.00	12 Feb 2013	1 Oct 2015
	121,620	–	–	–	**121,620**	921.00	29 Nov 2013	1 Oct 2016
	130,785	–	–	–	**130,785**	1145.00	6 Feb 2015	1 Oct 2017
	–	148,479	–	–	**148,479**	1080.00	25 Nov 2015	1 Oct 2018
Total	**395,133**	**148,479**	**112,754**	**29,974**	**400,884**			
Andrew Martin	125,481	–	99,128	26,353	–	775.00	12 Feb 2013	1 Oct 2015
	105,747	–	–	–	**105,747**	921.00	29 Nov 2013	1 Oct 2016
	116,943[6]	–	–	29,235[6]	**87,708[6]**	1145.00	6 Feb 2015	1 Oct 2017
Total	**348,171**	**–**	**99,128**	**55,588**	**193,455**			
Johnny Thomson	11,841	–	9,352	2,489	–	775.00	12 Feb 2013	1 Oct 2015
	45,180	–	–	–	**45,180**	921.00	29 Nov 2013	1 Oct 2016
	42,870	–	–	–	**42,870**	1145.00	6 Feb 2015	1 Oct 2017
	–	106,482	–	–	**106,482**	1080.00	25 Nov 2015	1 Oct 2018
Total	**99,891**	**106,482**	**9,352**	**2,489**	**194,532**			

DIRECTOR	AS AT 30 SEPT 2015: NUMBER OF SHARES	RELEASED DURING THE YEAR: NUMBER OF SHARES	LAPSED DURING THE YEAR: NUMBER OF SHARES	**AS AT 30 SEPT 2016: NUMBER OF SHARES**	DATE OF AWARD	MATURITY DATE
Johnny Thomson	49,008	49,008	–	–	3 Dec 2012	3 Dec 2015
	10,622[7]	–	–	10,622[7]	29 Nov 2013	29 Nov 2016
Total	**59,630**	**49,008**	**–**	**10,622[7]**		

1. One third of each award granted is based on a three year AFCF target, one third on a ROCE target and one third on growth in the Company's TSR relative to the FTSE 100, excluding its financial services constituents. The performance period of the award granted on 12 February 2013 came to an end on 30 September 2015. This award vested in part at 79% of the maximum award. The shares disclosed as lapsed during the year represent the proration of the original award.
2. The aggregate gross gain realised by Messrs Blakemore, Cousins, Green and Martin was £5,330,923 in the year ended 30 September 2016. The closing share price at the time of release of their awards was 1080.00 pence per share.
3. The performance period of the award granted on 29 November 2013, came to an end on 30 September 2016. The award vested in part at 84.5% of maximum award.
4. All awards were granted for nil consideration.
5. The highest mid-market price of the Company's ordinary shares during the year ended 30 September 2016 was 1521.00 pence per share and the lowest was 1013.00 pence per share. The year end price was 1495.00 pence per share.
6. As detailed on page 77, at the discretion of the Committee in view of his exceptional past performance, Mr Martin's award granted on 6 February 2015 will be permitted to vest in 2017, subject to the achievement of corporate performance targets and to time proration (which is reflected in the figure disclosed above), and he will be released from his obligation to hold the vested award for two years thereafter.
7. As detailed in note 11 on page 70, Mr Thomson also has an interest in 10,622 shares which were awarded in connection with a 'below board' plan prior to his appointment as a director of the Company.

PENSIONS

At 30 September 2016, there were no executive directors actively participating in any Compass Group defined benefit pension arrangements and none of the executive directors were accruing additional entitlement to benefit under any arrangements that existed prior to their appointment as executive directors.

Dominic Blakemore, Richard Cousins, Gary Green and Johnny Thomson each receive a salary supplement equal to 35% of their base salaries in lieu of pension. Andrew Martin had, since 6 April 2006, received a salary supplement equal to 35% of his base salary and waived all rights to his final salary pension, money purchase pension and unfunded unapproved pension relating to his employment prior to that date. Mr Martin stepped down as a director of the Company on 1 December 2015 and details of payments for loss of office can be found below.

EXIT PAYMENTS

No payments (other than regular pension benefits which were commenced in previous years and to Mr Martin as noted below) were made during the year ended 30 September 2016 to any past director of the Company.

Sir Ian Robinson stepped down from the Board and its committees at the conclusion of the 2016 AGM. Other than the fees payable to Sir Ian for the period up to 4 February 2016, no remuneration or payment was made to him in connection with his ceasing to be a director of the Company. In accordance with section 430(2B) of the CA 2006 (Section 430(2B)), a statement to this effect was posted on the Company's website at www.compass-group.com.

Andrew Martin stepped down from the Board on 1 December 2015 and ceased, from the same date, to be responsible for the Company's business in Europe & Japan. In accordance with Section 430(2B), the Company published a statement on its website regarding payments made to Mr Martin in connection with him ceasing to be a director of the Company. The information below is substantively the same as that which may be found in the statement on the Company's website, but updated to reflect events since the statement was originally published.

From 1 December 2015 to 31 December 2015, Mr Martin continued to be employed on his existing terms while he assisted in the transition of the management of the European business to Dominic Blakemore. Mr Martin received £55,791 plus pension contributions and pro rated bonus for the month of December 2015. In accordance with Mr Martin's service contract, which was entered into in 2007 and before the Company's policy with regard to the inclusion of bonus in termination payments was changed in 2008 (so as to exclude them), Mr Martin's employment will end on 31 December 2016. Mr Martin will be entitled to receive a maximum of £1,472,900 calculated as:

- £669,500 base salary
- £502,125 bonus calculated at 75% of base salary (being par bonus)
- £66,950 being 10% of base salary in lieu of benefits in kind
- £234,325 pension contribution at 35% of base salary

Mr Martin did not and will not receive a further award of any long term incentives.

All long term incentives are subject to performance conditions set for periods of three years and vest on the third anniversary of the performance period. During the year, an award made in 2013-2014 over 125,481 shares vested on 25 November 2015 to the extent of 99,128 shares. The shares were sold and the sale announced on 26 November 2015.

The 2013-2014 award, whose performance period ended on 30 September 2016, vested on 22 November 2016. The performance conditions were satisfied as to 84.5% and so 89,320 shares vested out of 105,747 shares (see page 75).

The conditional award of shares made in February 2015 over 116,943 shares will vest in 2017, subject to the achievement of corporate performance targets and prorated for time in employment. In light of Mr Martin's contribution to the Company's performance, the Committee determined that the shares could be released in 2017 subject to achievement of the associated corporate performance targets. As set out on the Company's website in January 2016, Mr Martin agreed to waive the benefit, and to accept the proration of this award, in light of shareholder views. Accordingly, the number of shares under the award will be reduced pro rata to the time in employment.

The Remuneration Committee has agreed in accordance with the plan rules that, in respect of the award made on 6 February 2015, the post vest holding period obligation will be released.

As announced on 22 November 2016, Susan Murray will step down from the Board and its committees at the conclusion of the 2017 AGM. Other than the fees payable to Mrs Murray for the period up to 2 February 2017, no remuneration payment has been or will be made to her in connection with her ceasing to be a director of the Company. In accordance with Section 430(2B), a statement to this effect will be posted on the Company's website as soon as reasonably practicable following the conclusion of the 2017 AGM.

EXTERNAL APPOINTMENTS

Executive directors may take up one non-executive directorship outside of the Group subject to the Board's approval, provided that such appointment is not likely to lead to a conflict of interest. It is recognised that non-executive duties can broaden experience and knowledge which can benefit the Company. Dominic Blakemore, Richard Cousins and Andrew Martin received fees of €167,074, £120,000 and £10,000 (for the disclosable period from 1 October 2015 to 1 December 2015) during the year in respect of their directorships of Shire plc, Tesco PLC and easyJet plc respectively, which they were permitted to retain. At the date of this Report, Gary Green and Johnny Thomson do not hold any external appointments.

NON-EXECUTIVE DIRECTORS' REMUNERATION

From 1 October 2016 the Chairman's fee is £510,000 per annum. In addition, £50,000 plus VAT per annum is paid in lieu of the provision by the Company of a car and chauffeur for use on Company business.

Details of amounts received by Paul Walsh during the year ended 30 September 2016 are shown below:

CHAIRMAN	FEES £000	BENEFITS[1] £000	2016 £000	2015 £000
Paul Walsh	500	50	550	525

1. Benefits comprise payment in lieu of the provision by the Company of a car and chauffeur for use on Company business.

Details of the fees paid to each of the non-executive directors in office for the year ended 30 September 2016 are set out below:

	2016 £000	2015 £000
Carol Arrowsmith	106	106
John Bason	106	106
Stefan Bomhard[1]	34	–
Susan Murray	96	96
Don Robert[2]	111	84
Sir Ian Robinson[2]	29	111
Nelson Silva	84	18
Ireena Vittal	84	18
Total	650	539

1. Appointed to the Board on 5 May 2016.
2. Sir Ian Robinson stepped down as the SID on 1 October 2015 and was succeeded by Don Robert. The resultant changes to their fees are reflected above. Sir Ian stepped down from the Board at the conclusion of the 2016 AGM.

SHARE OWNERSHIP GUIDELINES AND DIRECTORS' INTERESTS IN SHARES

In order that their interests are linked with those of shareholders, directors are expected to build up and maintain a personal shareholding in the Company as set out in the share ownership guidelines as described on page 65 of the Policy.

The Committee reviewed and noted that the guidelines were satisfied by all directors in office during the year. The interests of the directors in office during the year ended 30 September 2016 in shares (including the interests of Persons Closely Associated) and share incentives are shown in the table below:

	BENEFICIAL		CONDITIONAL			
DIRECTOR	SHARES HELD AS AT 30 SEPT 2016 OR DATE OF LEAVING	SHARES HELD AS AT 30 SEPT 2015	LTIP HOLDINGS AS AT 30 SEPT 2016 OR DATE OF LEAVING	LTIP HOLDINGS AS AT 30 SEPT 2015	SHAREHOLDING REQUIRED[1]	COMPLIANCE WITH SHAREHOLDING GUIDELINES[2]
Carol Arrowsmith	9,711	7,503	n/a	n/a	1 x	✓
John Bason	10,927	10,823	n/a	n/a	1 x	✓
Dominic Blakemore	100,546	60,966	301,410	275,556	1.5 x	✓
Stefan Bomhard	6,100	–	n/a	n/a	1 x	✓
Richard Cousins	1,215,815	1,515,815	665,715	679,428	2 x	✓
Gary Green	265,819	365,819	400,884	395,133	1.5 x	✓
Andrew Martin[3]	500,000	500,000	193,455[3]	348,171	1.5 x	✓
Susan Murray	12,234	12,234	n/a	n/a	1 x	✓
Don Robert	28,235	28,235	n/a	n/a	1 x	✓
Sir Ian Robinson[4]	14,117	14,117	n/a	n/a	1 x	✓
Nelson Silva	8,200	8,200	n/a	n/a	1 x	✓
Johnny Thomson	96,643	38,283	194,532	99,891	1.5 x	✓
Ireena Vittal	1,863	–	n/a	n/a	1 x	✓
Paul Walsh	21,411	21,411	n/a	n/a	1 x	✓

1. As a multiple of base salary or fee.
2. Requirement to achieve within a four year period commencing from date of appointment. Dominic Blakemore (appointed February 2013), Ireena Vittal and Nelson Silva (appointed July 2015) and Johnny Thomson (appointed December 2015) intend to progressively build up their share ownership in the Company.
3. Mr Martin's beneficial interest and LTIP holding is shown as at 1 December 2015 when he stepped down from the Board.
4. Sir Ian's beneficial interest is shown as at 4 February 2016.

There were no changes in directors' interests between 30 September 2016 and 22 November 2016.

REMUNERATION OF OTHER SENIOR EXECUTIVES AND MANAGEMENT

A number of senior executives and the executive directors comprise the Executive Board. These key management roles influence the ability of the Group to meet its strategic targets. The Committee has regard to the remuneration level and structure of this group whose total remuneration including salary and other short term benefits, target (or par) bonus and the expected value of long term incentives is summarised in note 3 to the consolidated financial statements on page 107.

REMUNERATION ADVICE

The Chairman and the Group Chief Executive, together with Robin Mills (Group HR Director) and the Group Reward Director are normally invited to attend each Committee meeting and provide advice and guidance to the Committee (other than in respect of their own remuneration) for which they are not paid a fee in addition to their salaries from the Company under their service contracts. Details of the members of the Committee who served during the year ended 30 September 2016 are set out on pages 38 to 40.

The Committee also has access to detailed external information and research on market data and trends from independent consultants. During the year, the Company retained PwC to advise on compensation related matters, including undertaking a benchmarking exercise in respect of the remuneration of the Chairman, the non-executive directors and of the UK based directors for which it received total fees (based on hours spent) of £37,775 (2015: £39,900).

Alithos Limited (Alithos) provided information for the testing of the TSR performance conditions for the Company's LTIP awards, for which it received fixed fees of £24,000 (2015: £24,000). It also provided the TSR performance graph for the Directors' Remuneration Report, for which it received a fixed fee of £500 (2015: £500).

Alithos was appointed by the Company in 2002 and PwC was appointed in 2007 (renewed in 2011). Both appointments were made with the approval of the Committee following a selection exercise. Alithos did not provide any other advice or services to the Company during the year. PwC provided services globally which comprised pension, expatriate, internal audit, merger and acquisition, due diligence, tax and other consultancy advice. The Committee is satisfied that the advice it received during the year was objective and independent, based on the experience of its members generally, including Carol Arrowsmith, Chairman of the Committee, who was formerly a remuneration consultant with Deloitte LLP and Susan Murray who has experience of being a member of the remuneration committees of other quoted companies, including one as chair of the committee.

SHAREHOLDER VOTE ON 2014-2015 DIRECTORS' REMUNERATION REPORT

The table below shows the voting outcome at the AGM held on 4 February 2016 for the 2014-2015 Annual Remuneration Report (advisory vote):

	NUMBER OF VOTES 'FOR' & 'DISCRETIONARY'	% OF VOTES CAST	NUMBER OF VOTES 'AGAINST'	% OF VOTES CAST	TOTAL NUMBER OF VOTES CAST	NUMBER OF VOTES 'WITHHELD'[1]
Annual Remuneration Report	1,117,203,682	89.12	136,383,197	10.88	1,253,586,879	49,045,531

1. A vote withheld is not a vote in law.

The Committee welcomed the endorsement of the Remuneration Report by shareholders and took steps, wherever practicable, to understand shareholders' concerns when withholding their support.

The Remuneration Policy approved by shareholders at the 2015 AGM remains in force and will not be voted on by shareholders until the 2018 AGM but, for ease of reference, the voting outcome is shown below (binding vote):

	NUMBER OF VOTES 'FOR' & 'DISCRETIONARY'	% OF VOTES CAST	NUMBER OF VOTES 'AGAINST'	% OF VOTES CAST	TOTAL NUMBER OF VOTES CAST	NUMBER OF VOTES 'WITHHELD'[1]
Remuneration Policy	1,094,017,323	90.79	110,932,945	9.21	1,204,950,268	55,045,261

1. A vote withheld is not a vote in law.

At the 2017 AGM, shareholders will be invited to vote on the Annual Remuneration Report for 2015-2016.

On behalf of the Board

Carol Arrowsmith
Chairman of the Remuneration Committee
22 November 2016

OTHER STATUTORY DISCLOSURES

This Directors' Report forms part of the management report as required under DGTR 4. The Strategic Report on pages 1 to 33 includes an indication of future likely developments in the Company, details of important events and the Company's business model and strategy. The Corporate Governance Report on pages 34 to 57, the Other Statutory Disclosures on pages 80 to 84 and the Directors' Responsibilities statement on page 86 are incorporated into the Directors' Report by reference.

The following disclosures have been included elsewhere within the Annual Report and are incorporated into the Directors' Report by reference.

DISCLOSURE	PAGE
Financial Risk Management	24
Going Concern	25
Viability Statement	25
Risk Management	27
Carbon Emissions	31
Corporate Governance Report, including Reports from each principal Board Committee	34
Directors' Responsibilities statement	86

DIRECTORS

Particulars of the directors in office at the date of this Report are listed on pages 38 to 40. In accordance with the Code, each director will retire and submit himself or herself for election or re-election at the 2017 AGM.

There were a number of changes to the composition of the Board and its committees during the year. On 1 October 2015, Don Robert succeeded Sir Ian Robinson as SID. On 1 December 2015, Johnny Thomson succeeded Dominic Blakemore as Group Finance Director, Andrew Martin stepped down as the Chief Operating Officer of Europe & Japan and Dominic Blakemore became Chief Operating Officer, Europe on the same day. Sir Ian Robinson stepped down from the Board at the conclusion of the Company's AGM on 4 February 2016.

RESULTS AND DIVIDENDS

In the year ended 30 September 2016, the Group delivered an increase of 12.8% in Group underlying profit before tax from £1,192 million to £1,344 million and an increase of 14% in Group profit before tax from £1,159 million to £1,321 million.

A summary of the dividends on ordinary shares for the year ended 30 September 2016 compared with 2015 is shown below:

YEAR	DIVIDEND	PENCE PER SHARE
2016	**Interim**	**10.6**
2016	**Final (recommended)**	**21.1**
2016	**Total**	**31.7**
2015	Interim	9.8
2015	Final	19.6
2015	Total	29.4

The 2016 interim dividend of 10.6 pence per share (2015: 9.8 pence) was paid to shareholders on 25 July 2016.

Payment of the recommended final dividend, if approved at the 2017 AGM, will be made on 20 February 2017 to shareholders registered at the close of business on 20 January 2017. The shares will be quoted ex-dividend from 19 January 2017.

During the year, the trustees of each of the employee benefit trusts which operate in connection with the Company's share plans waived their rights to receive dividends on any shares held by them. Details of the trusts can be found on page 82 of this Report. The amount of dividends waived during the year ended 30 September 2016 in relation to the trusts was £7,725 (2015: £11,815).

As at the date of this Report, there were 11,550,642 ordinary 10⅝ pence shares held in treasury for the purpose of satisfying the Company's obligations under the Company's employee equity incentive schemes. Shares held in treasury are not entitled to receive dividends. Therefore, £3,743,780 worth of dividends were not paid during the financial year in relation to treasury shares.

A dividend reinvestment plan is available to eligible shareholders. Details can be found on page 160.

SHARE CAPITAL

GENERAL

As at the date of this Report, 1,654,289,837 ordinary shares of 10⅝ pence each (of which 11,550,642 are held in treasury) have been issued, are fully paid up and are quoted on the London Stock Exchange. The total voting rights attaching to the issued ordinary share capital (excluding treasury shares) at the date of this Report is 1,642,739,195. In addition, the Company sponsors a Level I American Depositary Receipts programme with BNY Mellon, under which the Company's shares are traded on the over the counter market in the form of American Depositary Shares.

During the year ended 30 September 2016, 2,666,477 options were exercised and 1,126,121 awards released pursuant to the Company's share option schemes and long term incentive plans. Of those options exercised and awards released, all were satisfied by the reissue of 3,780,997 treasury shares with an additional 11,601 shares released from the Compass Group Employee Share Trust. A further 25,245 treasury shares have been used to satisfy awards under these schemes since the end of the financial year to the date of this Report.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law, for example, insider trading law. In accordance with the EU Market Abuse Regulation (which came into effect on 3 July 2016), certain employees are required to seek the approval of the Company to deal in its shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover.

More detailed information relating to the rights and obligations attaching to the Company's ordinary shares, in addition to those conferred by law, are set out in the Company's Articles of Association, which are available on the Company's website as well as on pages 24 and 25 of the Annual Report for the year ended 30 September 2007. The 2007 Annual Report is available on the Company's website at www.compass-group.com.

REPURCHASE OF SHARES

From 1 October 2015 to 31 March 2016 the Company repurchased 6,560,656 ordinary shares of $10\frac{5}{8}$ pence for a consideration of £72.7 million (including expenses). These shares were subsequently transferred to be held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes. From 1 April 2016 to 30 September 2016 and from 1 October 2016 up to the date of this Report, 2,110,923 and 376,622 ordinary $10\frac{5}{8}$ pence shares were repurchased for a consideration of £27.5 million and £5.2 million (including expenses) respectively, and subsequently cancelled. Shares held in treasury are not eligible to participate in dividends and do not carry any voting rights.

Returns to shareholders continue to be an integral part of our business model and it is the Board's intention to continue to maintain strong investment grade credit ratings by returning any surplus cash to shareholders.

At the 2017 AGM, a special resolution will be proposed to renew the directors' limited authority to repurchase ordinary shares in the market, last granted at the 2016 AGM. The directors consider it desirable for these general authorisations to be available in order to maintain an efficient capital structure whilst at the same time retaining the flexibility to fund any infill acquisitions.

The authority sets the minimum and maximum prices which may be paid and it will be limited to a maximum of 10% of the Company's issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM. Any purchases of ordinary shares will be by means of market purchases through the London Stock Exchange and any shares purchased may be cancelled or placed into treasury in accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003.

ISSUE OF SHARES

At the 2017 AGM, the directors will ask shareholders to renew the authority last granted to them at the 2016 AGM to allot equity shares representing approximately one third of the issued ordinary shares calculated at the latest practicable date prior to the publication of the Notice of AGM (the section 551 authority) and, in accordance with the Investment Association Share Capital Management Guidelines, the directors again propose to extend this by a further one third of the Company's issued ordinary share capital, provided that such amount shall only be used in connection with a rights issue. If approved, the authority will expire no later than 15 months from the date on which the resolution is passed, or at the conclusion of the AGM to be held in 2018, whichever is the sooner.

The limited power granted to the directors at the 2016 AGM to allot equity shares for cash other than pro rata to existing shareholders expires no later than 3 May 2017. Subject to the terms of the section 551 authority, this authority is in line with the Statement of Principles on Pre-emption Rights issued by the Pre-Emption Group and supported by the Investment Association and the Pensions and Lifetime Savings Association (the Principles). If granted, this authority will give the directors the ability (until the AGM to be held in 2018) to issue ordinary shares for cash, other than pro rata to existing shareholders, in connection with a rights issue or up to a limit of 5% of the issued ordinary share capital (whether or not in connection with an acquisition or specified capital investment) calculated at the latest practicable date prior to the publication of the Notice of AGM and, in accordance with the Principles, the directors propose to extend this by an additional 5% of the Company's issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM, provided that the additional authority would only be used for the purpose of an acquisition or a specified capital investment which is announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed in the announcement of the issue. This year, in line with recommended best practice, the Company has split the section 561 resolution into two separate resolutions. The first resolution seeks authorisation for 5% of the issued ordinary share capital to be issued on an unrestricted basis, whilst the second resolution seeks authority for the additional 5% of the issued ordinary share capital to be used for an acquisition or a specified capital investment.

In line with best practice, the Company has not issued more than 7.5% of its issued ordinary share capital on a non-prorated basis over the last three years. The directors have no present intention to issue ordinary shares, other than pursuant to the Company's employee equity incentive share schemes, and this authority will maintain the Company's flexibility in relation to future share issues, including any issues to finance business opportunities, should appropriate circumstances arise.

Details of repurchases into treasury shares and the reissue of treasury shares made during the year, together with details of options granted over unissued capital, are set out in note 21 to the consolidated financial statements on pages 134 and 135.

SUBSTANTIAL SHAREHOLDINGS

The following major shareholdings have been notified to the Company as at 30 September 2016 and up to the date of this Report.

	% OF ISSUED CAPITAL[1]	% OF COMPASS GROUP PLC'S VOTING RIGHTS[1]
Blackrock, Inc.	9.99	9.99
Invesco Limited	4.95	4.95
Massachusetts Financial Services Company	9.96	9.96

1. At the date of disclosure.

Since the disclosure date, the shareholders' interests in the Company may have changed.

The number of shares held by the directors as at 30 September 2016 can be found on page 78 in the Directors' Remuneration Report.

EMPLOYEE SHARE TRUSTS

The Compass Group Employee Share Trust (ESOP) and The Compass Group Employee Trust Number 2 (CGET) were established on 13 January 1992 and 12 April 2001 respectively in connection with the Company's share option plans. The Compass Group Long Term Incentive Plan Trust (LTIPT) was established on 5 April 2001 in connection with the Company's long term incentive plans. Details of all employee equity incentive schemes are set out in the Directors' Remuneration Report on pages 58 to 79. The trustees of the ESOP, LTIPT and CGET hold nil (2015: 11,601), 16,198 (2015: 16,198) and nil (2015: nil) ordinary shares of the Company respectively.

The Compass Group Executive Option Share Trust and the Compass Group Executive Share Trust were established on 15 and 22 February 2010 respectively in relation to the operation of equity incentive schemes in Australia. No ordinary shares were held by these trusts as at 30 September 2016 (2015: nil).

AWARDS UNDER EMPLOYEE SHARE SCHEMES

Details of awards made during the year and held by executive directors as at 30 September 2016 are set out in the Directors' Remuneration Report on pages 58 to 79.

Details of employee equity incentive schemes and grants made during the year ended 30 September 2016 to, and extant awards held by, employees are disclosed in note 22 to the consolidated financial statements on pages 136 to 140.

EMPLOYEE POLICIES AND INVOLVEMENT

The Group places particular importance on the involvement of its employees, keeping them regularly informed, through informal bulletins and other in-house publications, meetings and the Company's internal websites, on matters affecting them as employees and on the issues affecting their performance. Since 1996, those Group businesses in the European Economic Area (EEA) have been represented on the Compass European Council (CEC), which provides a forum for exchanging information and engaging in consultation on the Group's performance and plans, and relevant transnational issues affecting those countries in the EEA. As reported previously, the Group's CEC Article 13 Agreement terminated in December 2012. A process of negotiation commenced through a Special Negotiating Body, which comprised employee representatives from each of the countries in which the Group operates within the EEA. On 22 March 2016, a new Agreement was reached between the employee representatives and management on behalf of the total EEA workforce under the EU Council Directive 2009/38/EC, and will operate for an initial period of three years.

Permanent UK employees are normally invited to join the Company's defined contribution pension scheme, Compass Retirement Income Savings Plan (CRISP), on the completion of two years' service (this includes any service that may have transferred across under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). CRISP has a corporate trustee. Nigel Palmer, a former employee of the Group, is chairman of the trustees. The other five trustee directors are UK based employees of the Group, two of whom have been nominated by CRISP members.

Those UK employees who transferred from the public sector under TUPE have been eligible to join the Compass Group Pension Plan (the Plan), a defined benefit pension arrangement which is otherwise closed to new entrants. However, under the Government's revised guidance for 'Fair Deal for staff pensions', the expectation is that the Group will in future participate in the relevant public sector pension scheme and close the Plan to future new entrants. The Plan also has a corporate trustee. Phillip Whittome is the independent chairman. There are a further six trustee directors, five of whom are either UK based employees or former employees of the Group (three of whom have been nominated by Plan members), and the sixth is an independent trustee director.

The Company became subject to the automatic enrolment regulations for its workforce in the UK on 1 November 2012, but deferred its staging date for automatic enrolment of eligible employees to 2 January 2013 as permitted by the regulations. Both the Plan and CRISP are compliant arrangements under these regulations and have been registered as such. All new UK employees who meet the statutory requirements, and who are not immediately entered into the Plan or CRISP, are automatically enrolled into the National Employment Savings Trust (NEST). The Group's compliance with the auto-enrolment regulations, and the performance of NEST, are kept under regular review by the Group's Pensions Department.

Permanent employees outside the UK are usually offered membership of local pension arrangements if and where they exist and where it is appropriate to have Company sponsored arrangements.

Employees are offered a range of benefits, such as private medical cover, depending on the local environment. Priority is given to the training of employees and the development of their skills. Employment of disabled people is considered on merit with regard only to the ability of any applicant to carry out the role. Arrangements to enable disabled people to carry out the duties required will be made if it is reasonable to do so. An employee becoming disabled would, where appropriate, be offered retraining.

The Group continues to operate on a decentralised basis. This provides the maximum encouragement for the development of entrepreneurial flair, balanced by a rigorous control framework exercised by a small head office team. Local management teams are responsible for maintaining high standards of health and safety and for ensuring that there is appropriate employee involvement in decision making.

EMPLOYEE DIVERSITY AND HUMAN RIGHTS

Our Code of Ethics was developed in consultation with the CEC and the Institute of Business Ethics and sets out clear standards of behaviour that we expect all of our people to demonstrate and adhere to. The Code of Ethics, which is part of our CBC, underpins our social, ethical and environmental commitments and sends a clear message to our stakeholders of our commitment to responsible business practice. The 10 principles of the United Nations (UN) Global Compact, to which we are a signatory, underpin our own Code of Ethics. This UN initiative encourages companies to make human rights, labour standards, environmental responsibility and anti-corruption part of their business agenda. Our annual Communication on Progress can be viewed at www.unglobalcompact.org.

Our people are instrumental in our success; we respect and value the individuality and diversity that every employee brings to the Group. We base our relationship with our employees on respect for the dignity of the individual and fair treatment for all.

As at 30 September 2016, there were 527,180 (2015: 516,992) people employed by the Group (average number of employees including directors and part-time employees) of whom 300,493 were female (2015: 294,646) and 226,687 were male (2015: 222,276). Of these, 844 were senior managers (646 male, 198 female) (2015: 634 male, 173 female) which include members of our global leadership team and individuals who are statutory directors of the corporate entities whose financial information is included in the Group's consolidated accounts in this Annual Report. In terms of the Company's Board, as at 30 September 2016 there were 12 directors, nine of whom were male and three were female. Prior to any appointment to the Board, the Nomination Committee gives due regard to diversity and gender with a view to appointing the most suitable candidate for the role.

We seek to create a positive, open working environment wherever we operate. Our employee policies are set locally to comply with local law within an overall Group framework and we monitor our employee satisfaction and engagement through a number of key performance indicators, details of which can be found on pages 30 to 33 of the Corporate Responsibility section of the Strategic Report.

We also consider the concerns of wider communities where we operate, including national and local interests, utilising our relevant expertise to help contribute to the wellbeing of communities which are appropriate to our business objectives. Furthermore, the Group supports the rights of all people as set out in the UN Universal Declaration of Human Rights (UN Declaration) and considers carefully before doing any business in countries that do not adhere to the UN Declaration.

GREENHOUSE GAS EMISSIONS REPORTING

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible, including the combustion of fuel and the operation of any facility. Details of our emissions during the year ended 30 September 2016 are set out within the Corporate Responsibility section of the Strategic Report on pages 30 and 31 and form part of the Directors' Report disclosures. Further details of the actions which the Group is taking to reduce emissions can also be found online at www.compass-group.com. This Annual Report is certified carbon neutral by sponsoring a carbon neutral cause to offset against the emissions arising from the production, printing and delivery of this Report.

DONATIONS AND POLITICAL EXPENDITURE

Charitable objectives support the Company's CR strategy and have primarily focused on improving the environment, education, health and wellbeing, community engagement and responsible business practice. Donations have included employee involvement through fundraising and financial support.

GROUP CHARITABLE DONATIONS	£M
2016	**8.5**
2015	7.9

Since 2004, shareholders have passed an annual resolution, on a precautionary basis, to approve donations to EU political organisations and to incur EU political expenditure (as such terms were defined under the then relevant legislation) not exceeding a monetary limit approved by shareholders. The Board has consistently confirmed that it operates a policy of not giving any cash contribution to any political party in the ordinary meaning of those words and that it has no intention of changing that policy.

No material amount of corporate funds or paid employee time has been utilised during the year for political activities and, in accordance with the Company's CBC, employees must not engage in any form of lobbying or have contact with political representatives, government employees or public interest groups unless they are doing so legitimately and adhering to internal control processes. Further information regarding the CBC can be found on page 49 of this Annual Report and on the Company's website at www.compass-group.com.

The directors propose to renew the authority granted at the 2016 AGM for the Group to make political donations and incur political expenditure (as such terms are defined in sections 362 to 365 of the CA 2006) until the Company's next AGM, which they might otherwise be prohibited from making or incurring under the terms of the CA 2006 and which would not amount to 'donations' in the ordinary sense of the word. It is proposed to maintain the limit of such authority at £100,000.

COMMUNICATING WITH SHAREHOLDERS

The Company places considerable importance on communication with its shareholders, including its private shareholders. The Group Chief Executive and the Group Finance Director are closely involved in investor relations and a senior executive has day to day responsibility for such matters. The views of the Company's major shareholders are reported to the Board by the Group Chief Executive and the Group Finance Director as well as by the Chairman (who remains in contact with our largest shareholders) and are discussed at its meetings.

There is regular dialogue with institutional shareholders and this has been extended to include private shareholders through the AGM. Contact with institutional shareholders (and with financial analysts, brokers and the media) is controlled by written guidelines (during the year, in compliance with EU Market Abuse Regulation requirements, the Company updated its Corporate Communications Code and introduced a formal Market Soundings Policy) to ensure the continued protection of share price sensitive information that has not already been made generally available to the Company's shareholders. Contact is also maintained, when appropriate, with shareholders to discuss overall remuneration plans and policies.

The primary method of communicating with shareholders is by electronic means, helping to make the Company more environmentally friendly by reducing waste and pollution associated with the production and posting of its Annual Report. The Annual Report and Accounts is available to all shareholders and can be accessed via the Company's website at www.compass-group.com. The Group's annual and interim results are also published on the Company's website, together with all other announcements and documents issued to the market, such as statements, interviews and presentations by the Group Chief Executive and Group Finance Director.

The Notice of Annual General Meeting is circulated to all shareholders at least 20 working days prior to such meeting and it is Company policy not to combine resolutions to be proposed at general meetings. All shareholders are invited to the Company's AGM at which they have the opportunity to put questions to the Board and it is standard practice to have the chairmen of the Audit, Corporate Responsibility, Nomination and Remuneration committees available to answer questions. The results of proxy voting for and against each resolution, as well as abstentions, are announced to the London Stock Exchange and are published on the Company's website as soon as practicable after the meeting. Further shareholder information is available on pages 160 to 162.

CREST

The Company's ordinary shares and sterling Eurobonds are in CREST, the settlement system for stocks and shares.

DISCLOSURES REQUIRED UNDER UK LISTING RULE 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4. Details of long term incentive plans can be found in the Directors' Remuneration Report on pages 58 to 79.

SHAREHOLDER SERVICES

Details of services provided to shareholders can be found in the Shareholder Information section on pages 160 to 162 and on the Company's website.

AGM

The Notice of Meeting setting out the resolutions to be proposed at the 2017 AGM, together with explanatory notes, is set out on pages 163 to 171 of this Annual Report and is also available at www.compass-group.com. The directors consider that each of the resolutions is in the best interests of the Company and the shareholders as a whole and recommend that shareholders vote in favour of all of the resolutions.

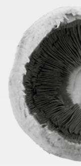
On behalf of the Board

Mark White
General Counsel and Company Secretary
22 November 2016

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES

The Annual Report and Accounts complies with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and the UK Corporate Governance Code in respect of the requirements to produce an annual financial report.

The Annual Report and Accounts is the responsibility of, and has been approved by, the directors.

We confirm that to the best of our knowledge:

- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

The directors have permitted the auditor to undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit opinion.

On behalf of the Board

Mark White
General Counsel and Company Secretary
22 November 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with FRS 101 Reduced Disclosure framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1 OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Compass Group PLC for the year ended 30 September 2016 set out on pages 90 to 159. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

TAXATION

Refer to page 47 (Governance and Directors' Report), page 98 (accounting policy) and page 142 (financial disclosures).

- *The risk:* The Group has extensive international operations and in the normal course of business the directors make judgements and estimates in relation to direct and indirect tax issues and exposures. As a result of the complexities of tax rules on transfer pricing and other tax legislation the accounting for tax exposures is a key audit judgement.

- *Our response:* Our audit procedures included evaluating the controls the Group has in place to identify and quantify its tax exposures. We used 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 assessed whether the approach applied by the Group is supported by custom and practice in the industry. We have examined the calculations prepared by the directors and agreed assumptions used to underlying data, and considered the judgements applied including the maximum potential exposure and the likelihood of a payment being required. We have inspected correspondence with relevant tax authorities to identify tax risk areas and assessed third party tax advice received to evaluate the conclusions drawn in the advice. In addition, transfer pricing documentation was critically assessed as part of our consideration of the tax positions taken by the Group. We also considered the adequacy of the Group's disclosures in respect of tax and uncertain tax positions.

SUPPLIER REBATES AND DISCOUNTS

Refer to page 47 (Governance and Directors' Report) and page 98 (financial disclosures).

- *The risk:* 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 reflected in the net price charged by its suppliers or are based on fixed percentages linked to the quantity of goods bought. There is little estimation or judgement involved in determining the timing and amount to be recognised. 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 there is a risk of error.

- *Our response:* We evaluated the controls that the Group has in place over the accounting for rebates and discounts. Our audit procedures included inspecting underlying contractual terms and supplier correspondence for a selection of arrangements in place and considered whether the accounting policy had been applied appropriately to the terms of the rebate. We performed detailed testing on a sample basis of the largest rebates and discounts recognised in the period, with particular attention to whether the rebates and discounts were recognised in the correct period and the appropriateness of any rebates and discounts accrued at the period end. This involved selecting a sample of amounts invoiced and accrued as at the balance sheet date and agreeing the underlying calculation to contractual terms and supplier correspondence. We also considered the adequacy of the Group's disclosures in respect of supplier rebates and discounts.

We continue to perform procedures over the valuation of goodwill. However, following continued improved performance in the UK business, we have not assessed this as one of the risks that had the greatest effect on our audit and, therefore, it is not separately identified in our report this year.

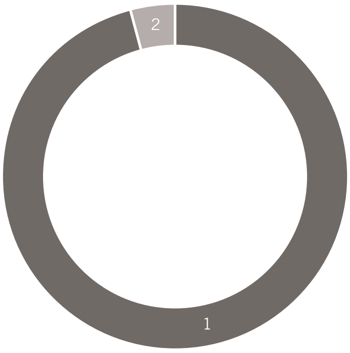
3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the Group financial statements as a whole was set at £60.7 million (2015: £62.7 million), determined with reference to a benchmark of Group profit before tax of £1.3 billion (2015: £1.2 billion), of which it represents 5% (2015: 5%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3.0 million (2015: £3.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

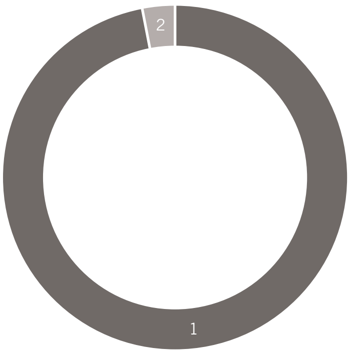
Of the Group's 52 (2015: 52) reporting components, we subjected 25 (2015: 44) to audits for Group reporting purposes and none (2015: one) to specified risk-focused audit procedures. The components within the scope of our work accounted for the following percentages of the Group's results:

GROUP REVENUE
(%)



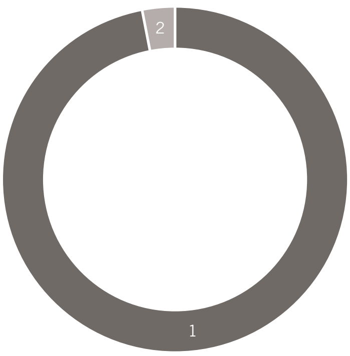
1. Audits for Group reporting purposes 96% (2015: 95%)
2. Group-level procedures only 4% (2015: 1%)
3. Specified risk-focused audit procedures 0% (2015: 4%)

GROUP PROFIT BEFORE TAX
(%)



1. Audits for Group reporting purposes 97% (2015: 96%)
2. Group-level procedures only 3% (2015: 1%)
3. Specified risk-focused audit procedures 0% (2015: 3%)

GROUP TOTAL ASSETS
(%)



1. Audits for Group reporting purposes 97% (2015: 95%)
2. Group-level procedures only 3% (2015: 1%)
3. Specified risk-focused audit procedures 0% (2015: 4%)

The remaining 4% (2015: 1%) of total Group revenue, 3% (2015: 1%) of Group profit before tax and 3% (2015: 1%) of total Group assets is represented by 27 reporting components, none of which individually represented more than 0.5% of any of total Group revenue, Group profit before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit 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 audit team determined the component materialities, which ranged from £0.2 million to £49.2 million (2015: £0.1 million to £49.2 million), having regard to the mix of size and risk profile of the Group across the components. Consistent with 2015, aside from the audit of the Parent Company and the non-trading head office entities that was performed by the Group audit team, the work on all of the components was performed by component auditors.

The Group audit team visited 8 (2015: 18) component locations, to assess the audit risk and strategy. Video and telephone conference meetings were also held with the component auditors of all countries in scope for Group reporting purposes. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 WE HAVE NOTHING TO REPORT ON THE DISCLOSURES OF PRINCIPAL RISKS

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of viability on pages 25 and 26, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group's continuing in operation over the three years to 2019; or
- the disclosures in note A of the accounting policies concerning the use of the going concern basis of accounting.

6 WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 25 and 26, in relation to going concern and longer term viability; and
- the part of the Corporate Governance Statement on page 36 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities statement set out on page 86, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Anthony Sykes
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
22 November 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2016

	NOTES	TOTAL 2016 £M	TOTAL 2015 £M
Combined sales of Group and share of equity accounted joint ventures	1	**19,871**	17,843
Less: share of sales of equity accounted joint ventures		**(266)**	(253)
Revenue		**19,605**	17,590
Operating costs	2	**(18,235)**	(16,368)
Operating costs, excluding Emerging Markets and Offshore & Remote restructuring		**(18,210)**	(16,342)
Emerging Markets and Offshore & Remote restructuring		**(25)**	(26)
Operating profit before joint ventures and associates		**1,370**	1,222
Share of profit after tax of joint ventures and associates	1,11	**39**	39
Operating profit	1	**1,409**	1,261
Underlying operating profit[1]	1	**1,445**	1,296
Amortisation of intangibles arising on acquisition	9	**(31)**	(26)
Acquisition transaction costs	23	**(2)**	(2)
Adjustment to contingent consideration on acquisition		**–**	(5)
Share-based payments expense – non-controlling interest call option		**(1)**	–
Tax on share of profit of joint ventures		**(2)**	(2)
Profit/(loss) on disposal of US businesses		**1**	(1)
Finance income	4	**4**	3
Finance costs	4	**(105)**	(107)
Other financing items	4	**12**	3
Profit before tax		**1,321**	1,159
Income tax expense	5	**(319)**	(282)
Profit for the year		**1,002**	877
ATTRIBUTABLE TO			
Equity shareholders of the Company	6	**992**	869
Non-controlling interests		**10**	8
Profit for the year		**1,002**	877
BASIC EARNINGS PER SHARE (PENCE)	6	**60.4p**	52.3p
DILUTED EARNINGS PER SHARE (PENCE)	6	**60.3p**	52.2p

1. Underlying operating profit excludes amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense relating to non-controlling interest call options, but includes share of profit after tax of associates and operating profit of joint ventures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2016

	NOTES	2016 £M	2015 £M
Profit for the year		1,002	877
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligations – loss	20	(500)	(37)
Return on plan assets, excluding interest income – gain	20	480	145
Tax on items relating to the components of other comprehensive income	5	6	(20)
		(14)	88
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		158	(92)
		158	(92)
Total other comprehensive income/(loss) for the year		144	(4)
Total comprehensive income for the year		1,146	873
ATTRIBUTABLE TO			
Equity shareholders of the Company		1,136	865
Non-controlling interests		10	8
Total comprehensive income for the year		1,146	873

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY							
	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	CAPITAL REDEMPTION RESERVE £M	OWN SHARES £M	OTHER RESERVES £M	RETAINED EARNINGS £M	NON-CONTROLLING INTERESTS £M	TOTAL £M
At 1 October 2015	176	182	295	(1)	4,189	(2,904)	13	1,950
Profit for the year	–	–	–	–	–	992	10	1,002
Other comprehensive income								
Currency translation differences	–	–	–	–	158	–	–	158
Remeasurement of post-employment benefit obligations – loss	–	–	–	–	–	(500)	–	(500)
Return on plan assets, excluding interest income – gain	–	–	–	–	–	480	–	480
Tax on items relating to the components of other comprehensive income (note 5)	–	–	–	–	(2)	8	–	6
Total other comprehensive income/(loss)	–	–	–	–	156	(12)	–	144
Total comprehensive income for the year	–	–	–	–	156	980	10	1,146
Fair value of share-based payments	–	–	–	1	16	1	–	18
Release of LTIP award settled by issue of shares	–	–	–	–	(2)	–	–	(2)
Tax on items taken directly to equity (note 5)	–	–	–	–	–	9	–	9
Share buyback[1]	–	–	–	–	–	(100)	–	(100)
Issue of treasury shares to satisfy employee share scheme awards exercised	–	–	–	–	–	3	–	3
Other changes	–	–	–	–	–	–	1	1
	176	182	295	–	4,359	(2,011)	24	3,025
Dividends paid to Compass shareholders (note 7)	–	–	–	–	–	(496)	–	(496)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(9)	(9)
At 30 September 2016	176	182	295	–	4,359	(2,507)	15	2,520

1. Including stamp duty and brokers' commission.

OTHER RESERVES	SHARE-BASED PAYMENT RESERVE £M	MERGER RESERVE £M	REVALUATION RESERVE £M	TRANSLATION RESERVE £M	ADJUSTMENT FOR NON-CONTROLLING INTEREST PUT OPTIONS RESERVE £M	TOTAL OTHER RESERVES £M
At 1 October 2015	179	4,170	7	(161)	(6)	4,189
Other comprehensive income						
Currency translation differences	–	–	–	158	–	158
Tax on items relating to the components of other comprehensive income (note 5)	–	–	–	(2)	–	(2)
Total other comprehensive income	–	–	–	156	–	156
Fair value of share-based payments	16	–	–	–	–	16
Release of LTIP award settled by issue of shares	(2)	–	–	–	–	(2)
At 30 September 2016	193	4,170	7	(5)	(6)	4,359

Own shares held by the Group represent 16,198 ordinary shares in Compass Group PLC (2015: 27,799 ordinary shares). No shares (2015: 11,601) are held by the Compass Group Employee Share Trust (ESOP) and 16,198 (2015: 16,198) shares are held by the Compass Group Long Term Incentive Plan Trust (LTIPT). These shares are listed on a recognised stock exchange and their market value at 30 September 2016 was £0.2 million (2015: £0.3 million). The nominal value held at 30 September 2016 was £1,721 (2015: £2,954).

ESOP and LTIPT are discretionary trusts for the benefit of employees and the shares held are used to satisfy some of the Group's liabilities to employees for share options, share bonus and long term incentive plans. All of the shares held by the ESOP and LTIPT are required to be made available in this way.

Up to 31 March 2016, repurchased ordinary shares were transferred and held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes from 1 April onwards; all repurchased ordinary shares were cancelled rather than being placed in treasury.

The merger reserve arose in 2000 following the demerger from Granada Compass plc.

	Attributable to equity shareholders of the company							
	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	CAPITAL REDEMPTION RESERVE £M	OWN SHARES £M	OTHER RESERVES £M	RETAINED EARNINGS £M	NON-CONTROLLING INTERESTS £M	TOTAL £M
At 1 October 2014	178	174	293	(1)	4,277	(3,082)	9	1,848
Profit for the year	–	–	–	–	–	869	8	877
Other comprehensive income								
Currency translation differences	–	–	–	–	(92)	–	–	(92)
Remeasurement of post-employment benefit obligations – loss	–	–	–	–	–	(37)	–	(37)
Return on plan assets, excluding interest income – gain	–	–	–	–	–	145	–	145
Tax on items relating to the components of other comprehensive income (note 5)	–	–	–	–	(1)	(19)	–	(20)
Total other comprehensive (loss)/income	–	–	–	–	(93)	89	–	(4)
Total comprehensive (loss)/income for the year	–	–	–	–	(93)	958	8	873
Issue of shares (for cash)	–	2	–	–	–	–	–	2
Fair value of share-based payments	–	–	–	–	15	–	–	15
Tax on items taken directly to equity (note 5)	–	–	–	–	–	2	–	2
Share buyback[1]	(2)	–	2	–	–	(328)	–	(328)
Issue of treasury shares to satisfy employee share scheme awards exercised	–	–	–	–	–	1	–	1
Release of LTIP award settled by issue of new shares	–	6	–	–	(6)	–	–	–
Other changes	–	–	–	–	(4)	2	2	–
	176	182	295	(1)	4,189	(2,447)	19	2,413
Dividends paid to Compass shareholders (note 7)	–	–	–	–	–	(457)	–	(457)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(6)	(6)
At 30 September 2015	176	182	295	(1)	4,189	(2,904)	13	1,950

1. Including stamp duty and brokers' commission.

OTHER RESERVES	SHARE-BASED PAYMENT RESERVE £M	MERGER RESERVE £M	REVALUATION RESERVE £M	TRANSLATION RESERVE £M	ADJUSTMENT FOR NON-CONTROLLING INTEREST PUT OPTIONS RESERVE £M	TOTAL OTHER RESERVES £M
At 1 October 2014	170	4,170	7	(70)	–	4,277
Other comprehensive income						
Currency translation differences	–	–	–	(92)	–	(92)
Tax on items relating to the components of other comprehensive income (note 5)	–	–	–	(1)	–	(1)
Total other comprehensive loss	–	–	–	(93)	–	(93)
Fair value of share-based payments	15	–	–	–	–	15
Release of LTIP award settled by issue of new shares	(6)	–	–	–	–	(6)
Other changes	–	–	–	2	(6)	(4)
At 30 September 2015	179	4,170	7	(161)	(6)	4,189

CONSOLIDATED BALANCE SHEET

As at 30 September 2016

	NOTES	2016 £M	2015 £M
NON-CURRENT ASSETS			
Goodwill	8	**4,050**	3,538
Other intangible assets	9	**1,469**	1,130
Property, plant and equipment	10	**953**	764
Interests in joint ventures and associates	11	**222**	203
Other investments	12	**50**	38
Trade and other receivables	13	**97**	71
Deferred tax assets*	5	**149**	182
Derivative financial instruments**	17	**184**	58
Non-current assets		**7,174**	5,984
CURRENT ASSETS			
Inventories	14	**347**	282
Trade and other receivables	13	**2,596**	2,115
Tax recoverable*		**77**	64
Cash and cash equivalents**	15	**346**	283
Derivative financial instruments**	17	**2**	19
Current assets		**3,368**	2,763
Total assets		**10,542**	8,747
CURRENT LIABILITIES			
Short term borrowings**	16	**(321)**	(247)
Derivative financial instruments**	17	**(9)**	(7)
Provisions	19	**(143)**	(136)
Current tax liabilities*		**(195)**	(169)
Trade and other payables	18	**(3,851)**	(3,157)
Current liabilities		**(4,519)**	(3,716)
NON-CURRENT LIABILITIES			
Long term borrowings**	16	**(3,075)**	(2,684)
Derivative financial instruments**	17	**(1)**	(25)
Post-employment benefit obligations	20	**(21)**	(9)
Provisions	19	**(280)**	(251)
Deferred tax liabilities*	5	**(40)**	(28)
Trade and other payables	18	**(86)**	(84)
Non-current liabilities		**(3,503)**	(3,081)
Total liabilities		**(8,022)**	(6,797)
Net assets		**2,520**	1,950
EQUITY			
Share capital	21	**176**	176
Share premium account		**182**	182
Capital redemption reserve		**295**	295
Less: Own shares		**–**	(1)
Other reserves		**4,359**	4,189
Retained earnings		**(2,507)**	(2,904)
Total equity shareholders' funds		**2,505**	1,937
Non-controlling interests		**15**	13
Total equity		**2,520**	1,950

* Component of current and deferred taxes.
** Component of net debt.

Approved by the Board of Directors on 22 November 2016 and signed on their behalf by

Richard Cousins, Director
Johnny Thomson, Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2016

	NOTES	2016 £M	2015 £M
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	24	**1,768**	1,476
Interest paid		**(98)**	(96)
Tax received		**17**	19
Tax paid	5	**(263)**	(261)
Net cash from operating activities		**1,424**	1,138
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associated undertakings[1]		**(180)**	(89)
Proceeds from sale of subsidiary companies and associated undertakings[1]		**2**	3
Purchase of intangible assets	9	**(267)**	(222)
Purchase of property, plant and equipment[2]		**(311)**	(282)
Proceeds from sale of property, plant and equipment/intangible assets		**29**	28
Purchase of other investments	12	**(6)**	(1)
Proceeds from sale of other investments		**2**	1
Dividends received from joint ventures and associates		**33**	27
Interest received		**4**	3
Net cash used in investing activities		**(694)**	(532)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary share capital		**–**	2
Purchase of own shares[3]		**(100)**	(328)
Receipts from issue of treasury shares to satisfy employee share scheme awards exercised		**3**	1
Increase in borrowings	25	**194**	334
Repayment of borrowings	25	**(309)**	(250)
Repayment of obligations under finance leases	25	**(3)**	(5)
Equity dividends paid	7	**(496)**	(457)
Dividends paid to non-controlling interests		**(9)**	(6)
Net cash used in financing activities		**(720)**	(709)
CASH AND CASH EQUIVALENTS			
Net increase/(decrease) in cash and cash equivalents	25	**10**	(103)
Cash and cash equivalents at beginning of the year	25	**283**	408
Currency translation gains/(losses) on cash and cash equivalents	25	**53**	(22)
Cash and cash equivalents at end of the year	15, 25	**346**	283

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.

RECONCILIATION OF FREE CASH FLOW

For the year ended 30 September 2016

	2016 £M	2015 £M
Net cash from operating activities	**1,424**	1,138
Purchase of intangible assets	**(267)**	(222)
Purchase of property, plant and equipment	**(311)**	(282)
Proceeds from sale of property, plant and equipment/intangible assets	**29**	28
Purchase of other investments	**(6)**	(1)
Proceeds from sale of other investments	**2**	1
Dividends received from joint ventures and associates	**33**	27
Interest received	**4**	3
Dividends paid to non-controlling interests	**(9)**	(6)
Free cash flow	**899**	686
Add back: Europe & Japan cash restructuring costs in the year	**9**	36
Underlying free cash flow	**908**	722

ACCOUNTING POLICIES

For the year ended 30 September 2016

INTRODUCTION

The significant accounting policies adopted in the preparation of the Group's 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 year ended 30 September 2016. 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. This is discussed in the Finance Directors' statement on page 25.

In the current financial year, the Group has adopted:

Amendments to IAS 19 – Defined benefit plans: Employee contributions

Improvements to IFRS 2010-2013 Cycle

Improvements to IFRS 2011-2013 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

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 2016 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.

IFRS 9 'Financial Instruments' (not yet 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 significant changes. The Group continues to assess the impact this standard would have on its consolidated results and financial position.

IFRS 15 'Revenue from Contracts with Customers' (not yet endorsed by the European Union). The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The Group is currently assessing the impact this standard would have on its consolidated results and financial position and work is underway to train our people and identify areas of divergence with current practice. Based on a preliminary assessment, the Group believes that IFRS 15 will not have a significant impact on the timing and recognition of revenue; however, it is anticipated that there will be some impact on the Group as a result of changes in the accounting treatment of some client commitment contract intangibles, variable payments to clients, variable receipts from clients and sales commissions. We expect that Compass will apply IFRS 15 for the year ended 30 September 2019 with a retrospective approach to the restatement of comparatives.

IFRS 16 'Leases' (not yet endorsed by the European Union). 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 liability, namely the present value of the future lease payments. A Group-wide project team has been established and is currently assessing the application of this new standard.

Amendments to IAS 1 – Disclosure initiative

Amendments to IAS 7 – Disclosure initiative

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

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

Amendments to IAS 27 (revised) – Equity method in separate financial statements

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

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

Improvements to IFRS 2012-2014 Cycle

B CRITICAL ACCOUNTING POLICIES AND USE OF ASSUMPTIONS AND ESTIMATES

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 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 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 is subject to direct and indirect taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group

recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results for the year and the respective tax and deferred tax provisions in the year in which such determination is made.

GOODWILL

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in section M on page 99. 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 8 to the consolidated financial statements.

POST-EMPLOYMENT BENEFITS

Defined benefit schemes are reappraised annually by independent actuaries based on actuarial assumptions. Significant judgement is required in determining these actuarial assumptions. The principal assumptions used are described in note 20 to the 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 made up to 30 September each year.

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, associates and joint arrangements 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.

E ACQUISITIONS

The acquisition of subsidiaries is 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 income statement.

F FOREIGN CURRENCY

The consolidated financial statements are prepared in sterling, which is the functional currency of the Company.

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 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.

In order to hedge its exposure to certain foreign exchange risks the Group enters into forward currency contracts (see section Q on page 99 for the Group's accounting policies in respect of derivative financial instruments).

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 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 transferred to 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 closing rate.

G REVENUE

Revenue is recognised in the period in which goods and 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 goods and services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

MANAGEMENT FEE CONTRACTS

Revenue from management fee contracts comprises the total of sales, the subsidy charged to clients, together with the management fee charged to clients. Revenue from management fee contracts is recognised as goods and services are provided over the life of the contract.

FIXED PRICE CONTRACTS

Revenue from fixed price contracts is recognised as services are provided in each period.

PROFIT AND LOSS CONTRACTS

Revenue from profit and loss contracts comprises the total of sales made to consumers, typically with little or no subsidy charged to clients.

INTER-SEGMENT TRANSACTIONS

There is little or no intra-group trading between the reported business segments. Where such trading does take place, it is on similar terms and conditions to those available to third parties.

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 is 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 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 EXCEPTIONAL ITEMS

Exceptional items are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

L TAX

Income tax expense comprises current and deferred tax. Tax is recognised in the 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 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.

M 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 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.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent 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:

- Contract related intangible assets: the life of the contract
- Computer software: 6% to 33% per annum

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

Contract related intangible assets arising on acquisition of a business such as client contracts, customer databases or trademarks, are recognised at fair value and amortised over the life of the contract, including the renewal period where appropriate. Underlying operating profit and underlying earnings per share exclude the amortisation of contract related intangible assets arising on acquisition of a business as it is not considered to be relevant to the underlying trading performance of the Group.

N 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 dealt with in the income statement.

O ASSETS HELD FOR SALE

Non-current assets and disposal groups 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.

P 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.

Q 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, including derivative financial instruments, denominated in foreign currencies are translated into sterling at period end exchange rates. Gains and losses are dealt with through the income statement, unless hedge accounting treatment is available.

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 income statement over the period of the borrowings using the effective interest method, unless included in a fair value hedge.

EQUITY INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge the risks associated with changes in foreign exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors that provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest bearing financial instrument, the adjustment is amortised to the net profit and loss such that it is fully amortised by maturity.

When fair value hedge accounting is discontinued, any adjustment to the carrying amount of the hedged item for the designated risk for interest bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted.

The Group's policy is to convert a proportion of its floating rate debt to fixed rates, using floating to fixed interest rate swaps. The Group designates these as cash flow hedges of interest rate risk.

In relation to cash flow hedges (forward currency contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or liability, then at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost and carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement in the period.

R 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 against income.

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.

S 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.

T EMPLOYEE BENEFITS

PENSION OBLIGATIONS

Payments made to defined contribution pension schemes are charged as an expense when they fall due. Payments made to state managed schemes are dealt with 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 pension schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Past service cost is recognised immediately.

The pension obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

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.

SHARE-BASED PAYMENTS

The Group issues equity-settled and cash-settled share-based payments to certain employees. In accordance with the requirements of IFRS 2 'Share-based Payments', the Group has applied IFRS 2 to all equity-settled share options granted after 7 November 2002 that had vested before 1 January 2005. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using either the binomial distribution or Black-Scholes pricing models as is most appropriate for each scheme. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

HOLIDAY PAY

Paid holidays and similar entitlements are regarded as an employee benefit and are charged to the 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.

1 SEGMENTAL REPORTING

The management of the Group's operations, excluding Central activities, is organised within three segments: North America, Europe and our Rest of World markets. These, together with Central activities, comprise the Group's reportable segments. Each segment derives revenue from delivery of food and support services. Our geographical segments have been restated in 2015 to reflect a change in the way these are managed: Europe now includes Turkey and Russia, and Rest of World now includes Japan.

REVENUE[1]	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016				
Combined sales of Group and share of equity accounted joint ventures[2,3]	**11,198**	**5,458**	**3,215**	**19,871**
YEAR ENDED 30 SEPTEMBER 2015[4]				
Combined sales of Group and share of equity accounted joint ventures[2,3]	9,361	5,192	3,290	17,843

REVENUE[1]	SECTORS BUSINESS & INDUSTRY £M	EDUCATION £M	HEALTHCARE & SENIORS £M	SPORTS & LEISURE £M	DEFENCE, OFFSHORE & REMOTE £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016						
Combined sales of Group and share of equity accounted joint ventures[2]	**7,602**	**3,621**	**4,472**	**2,416**	**1,760**	**19,871**
YEAR ENDED 30 SEPTEMBER 2015						
Combined sales of Group and share of equity accounted joint ventures[2]	6,743	3,139	3,847	2,138	1,976	17,843

1. There is no inter-segmental trading.
2. This is the revenue measure considered by the chief operating decision maker.
3. Underlying revenue from external customers arising in the UK, the Group's country of domicile, was £1,981 million (2015: £1,912 million). Underlying revenue from external customers arising in the US was £10,350 million (2015: £8,557 million). Underlying revenue from external customers arising in all foreign countries from which the Group derives revenue was £17,890 million (2015: £15,931 million).
4. 2015 Europe and Rest of World segments have been restated to reflect a change in the way these are managed.

1 SEGMENTAL REPORTING CONTINUED

RESULT	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	**906**	**394**	**194**	**(65)**	**1,429**
Add: Share of profit before tax of joint ventures	**2**	**–**	**24**	**–**	**26**
Underlying operating profit before associates and Emerging Markets and Offshore & Remote restructuring[2]	**908**	**394**	**218**	**(65)**	**1,455**
Add: Share of profit of associates	**10**	**5**	**–**	**–**	**15**
Underlying operating profit before Emerging Markets and Offshore & Remote restructuring	**918**	**399**	**218**	**(65)**	**1,470**
Less: Emerging Markets and Offshore & Remote restructuring[1]	**–**	**(6)**	**(19)**	**–**	**(25)**
Underlying operating profit[2]	**918**	**393**	**199**	**(65)**	**1,445**
Less: Amortisation of intangibles arising on acquisition	**(20)**	**(8)**	**(3)**	**–**	**(31)**
Less: Acquisition transaction costs	**(1)**	**(1)**	**–**	**–**	**(2)**
Add: Adjustment to contingent consideration on acquisition	**4**	**(4)**	**–**	**–**	**–**
Less: Share-based payments expense – non-controlling interest call option	**–**	**–**	**(1)**	**–**	**(1)**
Less: Tax on share of profit of joint ventures	**–**	**–**	**(2)**	**–**	**(2)**
Total operating profit	**901**	**380**	**193**	**(65)**	**1,409**
Profit on disposal of US businesses					**1**
Finance income					**4**
Finance costs					**(105)**
Other financing items					**12**
Profit before tax					**1,321**
Income tax expense					**(319)**
Profit for the year					**1,002**

RESULT	NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2015[3]					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	759	372	216	(66)	1,281
Add: Share of profit before tax of joint ventures	1	2	25	–	28
Underlying operating profit before associates and Emerging Markets and Offshore & Remote restructuring[2]	760	374	241	(66)	1,309
Add: Share of profit of associates	8	5	–	–	13
Underlying operating profit before Emerging Markets and Offshore & Remote restructuring	768	379	241	(66)	1,322
Less: Emerging Markets and Offshore & Remote restructuring[1]	–	(3)	(18)	(5)	(26)
Underlying operating profit[2]	768	376	223	(71)	1,296
Less: Amortisation of intangibles arising on acquisition	(15)	(7)	(4)	–	(26)
Less: Acquisition transaction costs	(2)	–	–	–	(2)
Add: Adjustment to contingent consideration on acquisition	(5)	–	–	–	(5)
Less: Tax on share of profit of joint ventures	–	(1)	(1)	–	(2)
Total operating profit	746	368	218	(71)	1,261
Loss on disposal of US businesses					(1)
Finance income					3
Finance costs					(107)
Other financing items					3
Profit before tax					1,159
Income tax expense					(282)
Profit for the year					877

1. The Group has incurred charges resulting from the restructuring in response to the downturn in the trading conditions of its Emerging Markets and Offshore & Remote activities which include headcount reductions £22 million (2015: £17 million), other expenses £3 million (2015: £6 million), depreciation of owned property, plant and equipment £nil (2015: £2 million) and property lease rentals £nil (2015: £1 million).
2. Underlying operating profit is the profit measure considered by the chief operating decision maker.
3. 2015 Europe and Rest of World segments have been restated to reflect a change in the way these are managed.

1 SEGMENTAL REPORTING CONTINUED

	GEOGRAPHICAL SEGMENTS			UNALLOCATED			
BALANCE SHEET	NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	CURRENT AND DEFERRED TAX £M	NET DEBT £M	**TOTAL £M**
AS AT 30 SEPTEMBER 2016							
Total assets	**4,926**	**3,475**	**1,366**	**17**	**226**	**532**	**10,542**
Total liabilities	**(2,346)**	**(1,083)**	**(695)**	**(257)**	**(235)**	**(3,406)**	**(8,022)**
Net assets/(liabilities)	**2,580**	**2,392**	**671**	**(240)**	**(9)**	**(2,874)**	**2,520**
Total assets include:							
Interests in associates and joint ventures	**79**	**70**	**73**	**–**	**–**	**–**	**222**
Non-current assets[1]	**3,528**	**2,532**	**778**	**3**	**149**	**184**	**7,174**
AS AT 30 SEPTEMBER 2015[2]							
Total assets	3,813	3,204	1,104	21	246	359	8,747
Total liabilities	(1,769)	(1,016)	(597)	(256)	(197)	(2,962)	(6,797)
Net assets/(liabilities)	2,044	2,188	507	(235)	49	(2,603)	1,950
Total assets include:							
Interests in associates and joint ventures	63	71	69	–	–	–	203
Non-current assets[1]	2,766	2,378	593	7	182	58	5,984

1. Non-current assets located in the UK, the Group's country of domicile, were £1,774 million (2015: £1,794 million). Non-current assets located in the US were £3,250 million (2015: £2,545 million). Non-current assets located in all foreign countries in which the Group holds assets were £5,067 million (2015: £3,943 million).
2. 2015 Europe and Rest of World segments have been restated to reflect a correction and a change in the way these are managed.

1 SEGMENTAL REPORTING CONTINUED

ADDITIONS TO OTHER INTANGIBLE ASSETS	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016					
Total additions to other intangible assets	**224**	**31**	**10**	**2**	**267**
YEAR ENDED 30 SEPTEMBER 2015[1]					
Total additions to other intangible assets	169	35	17	1	222

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016					
Total additions to property, plant and equipment[2]	**146**	**114**	**35**	**1**	**296**
YEAR ENDED 30 SEPTEMBER 2015[1]					
Total additions to property, plant and equipment[2]	108	114	41	10	273

AMORTISATION OF OTHER INTANGIBLE ASSETS	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016					
Total amortisation of other intangible assets[3]	**170**	**29**	**11**	**–**	**210**
YEAR ENDED 30 SEPTEMBER 2015[1]					
Total amortisation of other intangible assets[3]	137	27	9	–	173

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016					
Total depreciation of property, plant and equipment	**94**	**87**	**34**	**1**	**216**
YEAR ENDED 30 SEPTEMBER 2015[1]					
Total depreciation of property, plant and equipment	78	76	39	–	193

OTHER NON-CASH EXPENSES	GEOGRAPHICAL SEGMENTS NORTH AMERICA £M	EUROPE £M	REST OF WORLD £M	CENTRAL ACTIVITIES £M	TOTAL £M
YEAR ENDED 30 SEPTEMBER 2016					
Total other non-cash expenses[4]	**5**	**4**	**4**	**3**	**16**
YEAR ENDED 30 SEPTEMBER 2015[1]					
Total other non-cash expenses[4]	4	3	4	4	15

1. 2015 Europe and Rest of World segments have been restated to reflect a change in the way these are managed.
2. Includes leased assets of £2 million (2015: £2 million).
3. Including the amortisation of intangibles arising on acquisition.
4. Other non-cash expenses are mainly comprised of share-based payments.

2 OPERATING COSTS

OPERATING COSTS	TOTAL 2016 £M	TOTAL 2015 £M
COST OF FOOD AND MATERIALS:		
Cost of inventories consumed	**5,742**	5,219
LABOUR COSTS:		
Employee remuneration (note 3)	**8,909**	7,959
OVERHEADS:		
Depreciation – owned property, plant and equipment	**213**	190
Depreciation – leased property, plant and equipment	**3**	3
Amortisation – owned intangible assets	**179**	147
Property lease rentals	**81**	74
Other occupancy rentals – minimum guaranteed rent	**53**	64
Other occupancy rentals – rent in excess of minimum guaranteed rent	**9**	11
Other asset rentals	**79**	72
Audit and non-audit services (see below)	**5**	5
Emerging Markets and Offshore & Remote restructuring[1]	**25**	26
Other expenses	**2,903**	2,565
Operating costs before costs relating to acquisitions	**18,201**	16,335
Amortisation – intangible assets arising on acquisition	**31**	26
Acquisition transaction costs	**2**	2
Adjustment to contingent consideration on acquisition	**–**	5
Share-based payments expense – non-controlling interest call option	**1**	–
Total	**18,235**	16,368

1. Emerging Markets and Offshore & Remote restructuring comprises £22 million employee remuneration (2015: £17 million), £3 million other expenses (2015: £6 million), £nil depreciation owned property, plant and equipment (2015: £2 million) and £nil property lease rentals (2015: £1 million).

AUDIT AND NON-AUDIT SERVICES	2016 £M	2015 £M
AUDIT SERVICES		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**0.5**	0.5
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries and joint arrangements pursuant to legislation	**4.0**	4.0
Total audit fees	**4.5**	4.5
NON-AUDIT SERVICES		
Audit related assurance	**–**	0.2
Taxation compliance	**0.2**	0.1
Other tax advisory	**0.2**	0.3
Other services	**0.2**	0.1
Total non-audit fees	**0.6**	0.7
TOTAL AUDIT AND NON-AUDIT SERVICES		
Total audit and non-audit services	**5.1**	5.2

3 EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2016 NUMBER	2015 NUMBER[1]
North America	**237,281**	226,618
Europe	**160,133**	157,463
Rest of World	**129,766**	132,841
Total	**527,180**	516,922

AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS[2]	2016 £M	2015 £M
Wages and salaries	**7,543**	6,708
Social security costs	**1,234**	1,136
Share-based payments	**16**	15
Pension costs – defined contribution plans	**100**	84
Pension costs – defined benefit plans	**16**	16
Total	**8,909**	7,959

1. 2015 Europe and Rest of World segments have been restated to reflect a correction and a change in the way these are managed.
2. Aggregate remuneration of all employees including directors excludes Emerging Markets and Offshore & Remote restructuring costs of £22 million (2015: £17 million).

In addition to the pension cost shown in operating costs above, there is a pensions-related net charge within finance costs of £1 million (2015: £5 million).

The remuneration of directors and key management personnel[1] is set out below. Additional information on directors' and key management remuneration, share options, long term incentive plans, pension contributions and entitlements can be found in the audited section of the Directors' Remuneration Report on pages 69 to 79 and forms part of these accounts.

REMUNERATION OF KEY PERSONNEL	2016 £M	2015 £M
Salaries	**6.4**	6.1
Other short term employee remuneration	**6.8**	6.6
Share-based payments	**2.9**	4.9
Pension salary supplement	**1.7**	1.8
Total	**17.8**	19.4

1. Key management personnel is defined as the Board of Directors and eight individuals who made up the Executive Board from time to time during the year (2015: five).

4 FINANCE INCOME, COSTS AND RELATED (GAINS)/LOSSES

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

FINANCE INCOME AND COSTS	2016 £M	2015 £M
FINANCE INCOME		
Bank interest	**4**	3
Total finance income	**4**	3
FINANCE COST		
Interest on bank loans and overdrafts	**16**	13
Interest on other loans	**82**	82
Finance lease interest	**1**	1
Interest on bank loans, overdrafts, other loans and finance leases	**99**	96
Unwinding of discount on provisions	**5**	6
Interest on net post-employment benefit obligations (note 20)	**1**	5
Total finance costs	**105**	107
ANALYSIS OF FINANCE COSTS BY DEFINED IAS 39[1] CATEGORY		
Fair value through profit or loss (unhedged derivatives)	**4**	5
Derivatives in a fair value hedge relationship	**(19)**	(23)
Derivatives in a net investment hedge relationship	**3**	5
Other financial liabilities	**111**	109
Interest on bank loans, overdrafts, other loans and finance leases	**99**	96
Fair value through profit or loss (unwinding of discount on provisions)	**5**	6
Outside of the scope of IAS 39 (net pension scheme charge)	**1**	5
Total finance costs	**105**	107

1. IAS 39 'Financial Instruments: Recognition and Measurement'.

The Group uses derivative financial instruments such as forward currency contracts, cross currency swaps and interest rate swaps to hedge the risks associated with changes in foreign currency exchange rates and interest rates. As explained in section Q of the Group's accounting policies, such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

FAIR VALUE MEASUREMENT

All derivative financial instruments are shown at fair value in the balance sheet. All the derivatives held by the Group at fair value are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurement'. The fair values of derivative financial instruments represent the maximum credit exposure.

FINANCING RELATED (GAINS)/LOSSES	2016 £M	2015 £M
HEDGE ACCOUNTING INEFFECTIVENESS		
Unrealised net (gains)/losses on unhedged derivative financial instruments[1]	**(1)**	3
Unrealised net gains on derivative financial instruments in a designated fair value hedge[2]	**(45)**	(32)
Unrealised net losses on the hedged item in a designated fair value hedge	**39**	26
Total hedge accounting ineffectiveness	**(7)**	(3)
CHANGE IN THE FAIR VALUE OF INVESTMENTS		
Gain from the changes in the fair value of investments[1,3]	**(3)**	–
OTHER FINANCING RELATED GAINS		
Gain from other financing related activity	**(2)**	–

1. Categorised as derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).
2. Categorised as 'fair value through profit or loss' (IAS 39).
3. Life insurance policies used by overseas companies to meet the cost of unfunded post employment benefit obligations included in note 20.

5 TAX

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE

	2016 £M	2015 £M
CURRENT TAX		
Current year	**315**	284
Adjustment in respect of prior years	**(38)**	(24)
Current tax expense	**277**	260
DEFERRED TAX		
Current year	**27**	12
Impact of changes in statutory tax rates	**6**	1
Adjustment in respect of prior years	**9**	9
Deferred tax expense	**42**	22
TOTAL INCOME TAX		
Income tax expense	**319**	282

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 20% (2015: 20.5%). The impact of changes in statutory rates relates principally to the reduction of the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These changes have resulted in a deferred tax charge arising from the reduction in the balance sheet carrying value of deferred tax assets to reflect the anticipated rate of tax at which those assets are expected to reverse. Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

Underlying income tax expense of £330 million (2015: £292 million) adjusts for the tax effect of: the amortisation of intangibles arising an acquisition of £11 million (2015: £7 million), the adjustment to contingent consideration on acquisition of £nil (2015: £2 million), the share of profit of joint ventures of £2 million (2015: £2 million), and is offset by the tax effect of hedge accounting ineffectiveness of £2 million (2015: £1 million).

Underlying cash tax paid of £261 million (2015: £259 million) adjusts tax paid of £263 million (2015: £261 million) for the cash tax effect of: the amortisation of intangibles arising on acquisition of £1 million (2015: £1 million) and hedge accounting ineffectiveness of £1 million (2015: £1 million).

	2016 £M	2015 £M
Profit before tax from operations	**1,321**	1,159
Notional income tax expense at the effective UK statutory rate of 20% (2015: 20.5%) on profit before tax	**264**	238
Effect of different tax rates of subsidiaries operating in other jurisdictions	**159**	136
Impact of changes in statutory tax rates	**6**	1
Permanent differences	**(83)**	(74)
Impact of share-based payments	**1**	1
Tax on profit of associates and equity accounted joint ventures	**(2)**	(3)
Losses and other temporary differences not previously recognised	**1**	(6)
Unrelieved current year tax losses	**2**	4
Prior year items	**(29)**	(15)
Income tax expense on operations	**319**	282

Permanent differences primarily relate to the internal financing that is in place to ensure the Group's overseas businesses are appropriately capitalised. These intra-group arrangements provide a benefit to the Group's effective tax rate. Prior year items relate to the reassessment of prior year tax estimates and the resolution of open items.

Tax uncertainties and associated risks are increasing for multinational groups as a consequence of the changing regulatory environment, for example the OECD's Base Erosion and Profit Shifting project. The Group's tax rate is also sensitive to the geographic mix of profits and movements in exchange rates. These factors may lead to an increase in the tax rate in future years. The Group continues to monitor the position closely.

5 TAX CONTINUED

TAX CREDITED/(CHARGED) TO OTHER COMPREHENSIVE INCOME	2016 £M	2015 £M
Current and deferred tax credit/(charge) on actuarial and other movements on post employment benefits	**8**	(19)
Current and deferred tax charge on foreign exchange movements	**(2)**	(1)
Tax credit/(charge) on items recognised in other comprehensive income	**6**	(20)

TAX CREDITED TO EQUITY	2016 £M	2015 £M
Current and deferred tax credit in respect of share-based payments	**9**	2
Tax credit on items recognised in equity	**9**	2

MOVEMENT IN NET DEFERRED TAX ASSET/(LIABILITY)	TAX DEPRECIATION £M	INTANGIBLES £M	PENSIONS AND POST EMPLOYMENT BENEFITS £M	TAX LOSSES £M	SELF-FUNDED INSURANCE PROVISIONS £M	NET SHORT TERM TEMPORARY DIFFERENCES £M	TOTAL £M
At 1 October 2014	13	(191)	136	21	67	161	207
(Charge)/credit to income	(4)	(13)	3	1	(1)	(8)	(22)
Charge to equity/other comprehensive income	–	–	(28)	–	–	(3)	(31)
Business acquisitions	–	(4)	–	–	–	1	(3)
Other movements	–	(1)	–	1	–	(1)	(1)
Exchange adjustment	(2)	1	7	(2)	5	(5)	4
At 30 September 2015	7	(208)	118	21	71	145	154
At 1 October 2015	**7**	**(208)**	**118**	**21**	**71**	**145**	**154**
(Charge)/credit to income	**(24)**	**(14)**	**7**	**(11)**	**7**	**(7)**	**(42)**
Credit to equity/other comprehensive income	**–**	**–**	**1**	**–**	**–**	**3**	**4**
Business acquisitions	**–**	**(31)**	**–**	**7**	**–**	**4**	**(20)**
Other movements	**(2)**	**1**	**–**	**–**	**–**	**(4)**	**(5)**
Exchange adjustment	**(6)**	**(41)**	**24**	**2**	**12**	**27**	**18**
At 30 September 2016	**(25)**	**(293)**	**150**	**19**	**90**	**168**	**109**

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	2016 £M	2015 £M
Deferred tax assets	**149**	182
Deferred tax liabilities	**(40)**	(28)
Net deferred tax asset	**109**	154

Deferred tax assets have not been recognised in respect of tax losses of £101 million (2015: £129 million) and other temporary differences of £16 million (2015: £18 million). Of the total tax losses, £92 million (2015: £83 million) will expire at various dates between 2017 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 £416 million (2015: £370 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 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings after tax and the weighted average number of shares in issue during the year. The adjusted earnings per share figures have been calculated based on earnings excluding the effect of the amortisation of intangible assets arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, non-controlling interest put options, profits and losses on disposal of businesses, hedge accounting ineffectiveness and the tax attributable to these amounts. These items are excluded in order to show the underlying trading performance of the Group.

ATTRIBUTABLE PROFIT	**2016 ATTRIBUTABLE PROFIT £M**	2015 ATTRIBUTABLE PROFIT £M
Profit for the year attributable to equity shareholders of the Company	**992**	869
Amortisation of intangible assets arising on acquisition (net of tax)	**21**	20
Acquisition transaction costs (net of tax)	**1**	1
Adjustment to contingent consideration on acquisition (net of tax)	**–**	3
Non-controlling interest put options (net of tax)	**1**	–
(Profit)/loss on disposal of US businesses (net of tax)	**(1)**	1
Hedge accounting ineffectiveness (net of tax)	**(10)**	(2)
Underlying attributable profit for the year from operations	**1,004**	892

AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)	**2016 ORDINARY SHARES OF 10⅝P EACH MILLIONS**	2015 ORDINARY SHARES OF 10⅝P EACH MILLIONS
Average number of shares for basic earnings per share	**1,643**	1,662
Dilutive share options	**3**	4
Average number of shares for diluted earnings per share	**1,646**	1,666

	2016 EARNINGS PER SHARE PENCE	2015 EARNINGS PER SHARE PENCE
BASIC EARNINGS PER SHARE		
From operations	**60.4**	52.3
Amortisation of intangible assets arising on acquisition (net of tax)	**1.2**	1.2
Acquisition transaction costs (net of tax)	**0.1**	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**–**	0.2
Non-controlling interest put options (net of tax)	**0.1**	–
(Profit)/loss on disposal of US businesses (net of tax)	**(0.1)**	0.1
Hedge accounting ineffectiveness (net of tax)	**(0.6)**	(0.2)
From underlying operations	**61.1**	53.7
DILUTED EARNINGS PER SHARE		
From operations	**60.3**	52.2
Amortisation of intangible assets arising on acquisition (net of tax)	**1.2**	1.2
Acquisition transaction costs (net of tax)	**0.1**	0.1
Adjustment to contingent consideration on acquisition (net of tax)	**–**	0.2
Non-controlling interest put options (net of tax)	**0.1**	–
(Profit)/loss on disposal of US businesses (net of tax)	**(0.1)**	0.1
Hedge accounting ineffectiveness (net of tax)	**(0.6)**	(0.2)
From underlying operations	**61.0**	53.6

7 DIVIDENDS

A final dividend in respect of 2016 of 21.1 pence per share, £347 million in aggregate[1], has been proposed, giving a total dividend in respect of 2016 of 31.7 pence per share (2015: 29.4 pence per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 2 February 2017 and has not been included as a liability in these financial statements.

DIVIDENDS ON ORDINARY SHARES	2016 DIVIDENDS PER SHARE PENCE	2016 £M	2015 DIVIDENDS PER SHARE PENCE	2015 £M
Amounts recognised as distributions to equity shareholders during the year:				
Final 2014 – 17.7p per share	–	–	17.7p	295
Interim 2015 – 9.8p per share	–	–	9.8p	162
Final 2015 – 19.6p per share	**19.6p**	**322**	–	–
Interim 2016 – 10.6p per share	**10.6p**	**174**	–	–
Total dividends	**30.2p**	**496**	27.5p	457

1. Based on the number of ordinary shares, excluding treasury shares, in issue at 30 September 2016: 1,643 million shares.

8 GOODWILL

During the year the Group made a number of acquisitions. See note 23 for more details.

GOODWILL	£M
COST	
At 1 October 2014	4,010
Additions	25
Currency adjustment	(13)
At 30 September 2015	4,022
At 1 October 2015	**4,022**
Additions	**105**
Currency adjustment	**448**
At 30 September 2016	**4,575**
IMPAIRMENT	
At 1 October 2014	482
Disposals	2
At 30 September 2015	484
At 1 October 2015	**484**
Currency adjustment	**41**
At 30 September 2016	**525**
At 30 September 2015	3,538
At 30 September 2016	**4,050**

8 GOODWILL CONTINUED

GOODWILL BY BUSINESS SEGMENT	2016 £M	2015[1] £M
USA	**1,619**	1,316
Canada	**156**	125
Total North America	**1,775**	1,441
UK	**1,440**	1,433
Rest of Europe	**420**	358
Total Europe	**1,860**	1,791
Japan	**172**	124
Rest of Rest of World	**243**	182
Total Rest of World	**415**	306
Total	**4,050**	3,538

1. 2015 Europe and Rest of World segments have been restated to reflect a change in the way these are managed.

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.

	2016		2015[1]	
GROWTH AND DISCOUNT RATES	RESIDUAL GROWTH RATES	PRE-TAX DISCOUNT RATES	RESIDUAL GROWTH RATES	PRE-TAX DISCOUNT RATES
USA	**1.9%**	**10.2%**	2.0%	10.0%
Canada	**1.8%**	**9.0%**	2.0%	8.2%
UK	**2.0%**	**8.5%**	2.0%	8.2%
Rest of Europe	**1.2-5.8%**	**7.9-19.7%**	1.3-5.7%	7.6-16.0%
Rest of World	**0.8-5.6%**	**7.5-16.1%**	1.6-5.5%	8.1-15.9%

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.

1. 2015 Europe and Rest of World segments have been restated to reflect a change in the way these are managed.

9 OTHER INTANGIBLE ASSETS

		CONTRACT AND OTHER INTANGIBLES[1]		
	COMPUTER SOFTWARE £M	ARISING ON ACQUISITION £M	OTHER £M	TOTAL £M
COST				
At 1 October 2014	232	473	973	1,678
Additions	31	–	191	222
Disposals	(3)	–	(85)	(88)
Business acquisitions	–	62	–	62
Business disposals	–	(1)	–	(1)
Reclassified	–	(1)	2	1
Currency adjustment	(6)	(12)	47	29
At 30 September 2015	254	521	1,128	1,903
At 1 October 2015	**254**	**521**	**1,128**	**1,903**
Additions	**27**	**–**	**240**	**267**
Disposals	**(10)**	**(3)**	**(82)**	**(95)**
Business acquisitions	**–**	**101**	**1**	**102**
Reclassified	**2**	**–**	**(4)**	**(2)**
Currency adjustment	**41**	**86**	**190**	**317**
At 30 September 2016	**314**	**705**	**1,473**	**2,492**
AMORTISATION				
At 1 October 2014	167	84	417	668
Charge for the year	21	26	126	173
Disposals	(2)	–	(75)	(77)
Reclassified	–	(1)	–	(1)
Currency adjustment	(2)	(6)	18	10
At 30 September 2015	184	103	486	773
At 1 October 2015	**184**	**103**	**486**	**773**
Charge for the year	**24**	**31**	**155**	**210**
Disposals	**(10)**	**(3)**	**(76)**	**(89)**
Reclassified	**–**	**–**	**(4)**	**(4)**
Currency adjustment	**28**	**21**	**84**	**133**
At 30 September 2016	**226**	**152**	**645**	**1,023**
NET BOOK VALUE				
At 30 September 2015	70	418	642	1,130
At 30 September 2016	**88**	**553**	**828**	**1,469**

1. Contract related intangible assets, other than those arising on acquisition, result from payments made by the Group in respect of client contracts and generally arise where it is economically more efficient for a client to purchase assets used in the performance of the contract and the Group funds these purchases. The intangible assets arising on acquisition are all contract related.

10 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 2014	356	1,038	544	1,938
Additions[1]	13	171	89	273
Disposals	(21)	(104)	(40)	(165)
Business disposals – other activities	–	(1)	–	(1)
Business acquisitions	2	2	2	6
Reclassified	(1)	9	(1)	7
Currency adjustment	(10)	(15)	(29)	(54)
At 30 September 2015	339	1,100	565	2,004
At 1 October 2015	**339**	**1,100**	**565**	**2,004**
Additions[1]	**26**	**178**	**92**	**296**
Disposals	**(19)**	**(87)**	**(41)**	**(147)**
Business disposals – other activities	**–**	**(3)**	**–**	**(3)**
Business acquisitions	**–**	**3**	**1**	**4**
Reclassified	**4**	**8**	**1**	**13**
Currency adjustment	**72**	**186**	**81**	**339**
At 30 September 2016	**422**	**1,385**	**699**	**2,506**
DEPRECIATION				
At 1 October 2014	175	682	357	1,214
Charge for the year	21	118	54	193
Disposals	(18)	(92)	(35)	(145)
Business disposals – other activities	–	(1)	–	(1)
Reclassified	–	4	–	4
Currency adjustment	(1)	(7)	(17)	(25)
At 30 September 2015	177	704	359	1,240
At 1 October 2015	**177**	**704**	**359**	**1,240**
Charge for the year	**21**	**135**	**60**	**216**
Disposals	**(13)**	**(74)**	**(37)**	**(124)**
Business disposals – other activities	**–**	**(2)**	**–**	**(2)**
Reclassified	**–**	**15**	**(1)**	**14**
Currency adjustment	**35**	**121**	**53**	**209**
At 30 September 2016	**220**	**899**	**434**	**1,553**
NET BOOK VALUE				
At 30 September 2015	162	396	206	764
At 30 September 2016	**202**	**486**	**265**	**953**

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 £M	FIXTURES AND FITTINGS £M	TOTAL £M
At 30 September 2015	6	6	1	13
At 30 September 2016	**6**	**7**	**1**	**14**

1. Includes leased assets at a net book value of £2 million (2015: £2 million).

11 EQUITY ACCOUNTED INVESTMENTS

Significant interests in associates are:

	COUNTRY OF INCORPORATION	2016 OWNERSHIP[1]	2015 OWNERSHIP[1]
Twickenham Experience Limited[2]	England & Wales	**16%**	16%
Oval Events Limited[3]	England & Wales	**25%**	25%
AEG Facilities, LLC[4]	USA	**49%**	49%
Thompson Hospitality Services, LLC[4]	USA	**49%**	49%

1. % ownership is of the ordinary share capital.
2. Financial statements applied using the equity method relate to the year ended 30 June, rolled forward to 30 September.
3. Financial statements applied using the equity method relate to the year ended 31 January, rolled forward to 30 September.
4. Financial statements applied using the equity method relate to the year ended 31 December of the prior year, rolled forward to 30 September.

Significant interests in joint ventures are:

	COUNTRY OF INCORPORATION	2016 OWNERSHIP[1]	2015 OWNERSHIP[1]
Quadrant Catering Ltd[2]	England & Wales	**49%**	49%
ADNH-Compass Middle East LLC	United Arab Emirates	**50%**	50%
Express Support Services Limitada[2]	Angola	**49%**	49%

1. % ownership is of the ordinary share capital.
2. 49% ownership entitles Compass Group to 50% of voting rights.

None of these investments is held directly by the ultimate Parent Company. All joint ventures provide food and/or support services in their respective countries of incorporation and make their accounts up to 30 September, except for Express Support Services Limitada which is to 31 December. All holdings are in the ordinary shares of the respective joint venture company.

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 ASSOCIATES AND JOINT VENTURES	2016 £M	2015 £M
NET BOOK VALUE		
Interests in associates	**137**	122
Interests in joint ventures	**85**	81
At 30 September	**222**	203
At 1 October	**203**	189
Additions	**2**	2
Share of profits less losses (net of tax)	**39**	39
Dividends declared	**(34)**	(33)
Currency and other adjustments	**12**	6
At 30 September	**222**	203

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

	2016			2015		
ASSOCIATES AND JOINT VENTURES	ASSOCIATES £M	JOINT VENTURES £M	TOTAL £M	ASSOCIATES £M	JOINT VENTURES £M	TOTAL £M
SHARE OF REVENUE AND PROFITS						
Revenue	**52**	**266**	**318**	57	253	310
Expenses/taxation[1]	**(37)**	**(242)**	**(279)**	(42)	(229)	(271)
Profit after tax for the year	**15**	**24**	**39**	15	24	39
SHARE OF NET ASSETS						
Non-current assets	**132**	**44**	**176**	121	44	165
Current assets	**69**	**134**	**203**	49	108	157
Non-current liabilities	**(7)**	**(10)**	**(17)**	(5)	(8)	(13)
Current liabilities	**(57)**	**(83)**	**(140)**	(42)	(64)	(106)
Net assets	**137**	**85**	**222**	123	80	203
SHARE OF CONTINGENT LIABILITIES						
Contingent liabilities	**–**	**(26)**	**(26)**	–	(22)	(22)

1. Expenses include the relevant portion of income tax recorded by associates and joint ventures.

12 OTHER INVESTMENTS

	2016 £M	2015 £M
NET BOOK VALUE		
At 1 October	**38**	36
Additions	**6**	1
Disposals	**(2)**	(1)
Currency and other adjustments	**8**	2
At 30 September	**50**	38
COMPRISED OF		
Other investments[1,2]	**12**	9
Life insurance policies and mutual fund investments[1,2,3]	**38**	29
Total	**50**	38

1. Categorised as 'available for sale' financial assets (IAS 39).
2. As per the fair value hierarchies explained in note 17, other investments are Level 1 and the life insurance policies are Level 2.
3. Life insurance policies used by overseas companies to meet the cost of unfunded post employment benefit obligations as set out in note 20.

13 TRADE AND OTHER RECEIVABLES

	2016			2015		
TRADE AND OTHER RECEIVABLES	CURRENT £M	NON-CURRENT £M	TOTAL £M	CURRENT £M	NON-CURRENT £M	TOTAL £M
NET BOOK VALUE						
At 1 October	**2,115**	**71**	**2,186**	2,069	70	2,139
Net movement	**124**	**12**	**136**	142	2	144
Currency adjustment	**357**	**14**	**371**	(96)	(1)	(97)
At 30 September	**2,596**	**97**	**2,693**	2,115	71	2,186
COMPRISED OF						
Trade receivables	**1,994**	**–**	**1,994**	1,627	–	1,627
Less: Provision for impairment of trade receivables	**(60)**	**–**	**(60)**	(57)	–	(57)
Net trade receivables[1]	**1,934**	**–**	**1,934**	1,570	–	1,570
Other receivables	**330**	**111**	**441**	254	80	334
Less: Provision for impairment of other receivables	**(6)**	**(22)**	**(28)**	(9)	(15)	(24)
Net other receivables	**324**	**89**	**413**	245	65	310
Accrued income	**168**	**4**	**172**	177	–	177
Prepayments	**153**	**4**	**157**	117	6	123
Amounts owed by associates, joint ventures and related parties[1]	**17**	**–**	**17**	6	–	6
Trade and other receivables	**2,596**	**97**	**2,693**	2,115	71	2,186

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.

Trade receivable days at 30 September 2016 were 41 days (2015: 42 days) on a constant currency basis.

13 TRADE AND OTHER RECEIVABLES CONTINUED

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

	2016					
TRADE RECEIVABLES	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	1,577	316	41	21	39	1,994
Less: Provision for impairment of trade receivables	(6)	(10)	(13)	(8)	(23)	(60)
Net trade receivables	1,571	306	28	13	16	1,934

	2015					
TRADE RECEIVABLES	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	1,294	260	29	12	32	1,627
Less: Provision for impairment of trade receivables	(2)	(9)	(9)	(10)	(27)	(57)
Net trade receivables	1,292	251	20	2	5	1,570

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

	2016			2015		
PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	TRADE £M	OTHER £M	TOTAL £M	TRADE £M	OTHER £M	TOTAL £M
At 1 October	57	24	81	75	27	102
Charged to income statement	26	–	26	18	6	24
Credited to income statement	(21)	(1)	(22)	(13)	–	(13)
Utilised	(10)	–	(10)	(21)	(2)	(23)
Reclassified	2	(2)	–	–	–	–
Currency adjustment	6	7	13	(2)	(7)	(9)
At 30 September	60	28	88	57	24	81

At 30 September 2016, trade receivables of £363 million (2015: £278 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.

14 INVENTORIES

INVENTORIES	2016 £M	2015 £M
NET BOOK VALUE		
At 1 October	282	265
Business acquisitions	3	3
Net movement	13	17
Currency adjustment	49	(3)
At 30 September	347	282

15 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	2016 £M	2015 £M
Cash at bank and in hand	291	224
Short term bank deposits	55	59
Cash and cash equivalents[1]	346	283

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

CASH AND CASH EQUIVALENTS BY CURRENCY	2016 £M	2015 £M
Sterling	87	72
US Dollar	53	33
Euro	35	44
Japanese Yen	7	14
Other	164	120
Cash and cash equivalents	346	283

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 17. The book value of cash and cash equivalents represents the maximum credit exposure.

MASTER NETTING OR SIMILAR AGREEMENTS

The Group has master netting agreements for its cash and bank overdrafts and the following balances are offset within the consolidated balance sheet:

	2016		
	GROSS £M	OFFSET £M	NET £M
Cash and cash equivalents	444	(98)	346
Bank overdrafts	(125)	98	(27)

	2015		
	GROSS £M	OFFSET £M	NET £M
Cash and cash equivalents	328	(45)	283
Bank overdrafts	(104)	45	(59)

16 SHORT TERM AND LONG TERM BORROWINGS

SHORT TERM AND LONG TERM BORROWINGS	2016 CURRENT £M	2016 NON-CURRENT £M	2016 TOTAL £M	2015 CURRENT £M	2015 NON-CURRENT £M	2015 TOTAL £M
Bank overdrafts	**27**	**–**	**27**	59	–	59
Bank loans	**255**	**287**	**542**	78	251	329
Loan notes	**35**	**1,525**	**1,560**	107	1,330	1,437
Bonds	**–**	**1,253**	**1,253**	–	1,093	1,093
Borrowings (excluding finance leases)	**317**	**3,065**	**3,382**	244	2,674	2,918
Finance leases	**4**	**10**	**14**	3	10	13
Borrowings (including finance leases)[1]	**321**	**3,075**	**3,396**	247	2,684	2,931

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

Bank overdrafts principally arise as a result of uncleared transactions. 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. Additionally, the Group adjusts the carrying values of the bonds and loan notes that are designated in effective fair value hedge relationships, for fair value gains and losses (based on observable market inputs) attributable to the risk being hedged.

The Group has fixed term, fixed interest private placements denominated in US dollar and sterling.

LOAN NOTES	NOMINAL VALUE	REDEEMABLE	INTEREST	2016 CARRYING VALUE £M	2015 CARRYING VALUE £M
US$ private placement	$162m	Oct 2015	6.72%	**–**	107
Sterling private placement	£35m	Oct 2016	7.55%	**35**	36
US$ private placement	$250m	Oct 2018	3.31%	**196**	170
US$ private placement	$200m	Sep 2020	3.09%	**154**	132
US$ private placement	$398m	Oct 2021	3.98%	**306**	262
US$ private placement	$352m	Oct 2023	4.12%	**301**	250
US$ private placement	$100m	Dec 2024	3.54%	**107**	66
US$ private placement	$300m	Sep 2025	3.81%	**231**	216
US$ private placement	$300m	Dec 2026	3.64%	**230**	198
				1,560	1,437

BONDS	NOMINAL VALUE	REDEEMABLE	INTEREST	2016 CARRYING VALUE £M	2015 CARRYING VALUE £M
Euro Eurobond	€600m	Feb 2019	3.13%	**537**	458
Euro Eurobond	€500m	Jan 2023	1.88%	**469**	386
Sterling Eurobond	£250m	Jun 2026	3.85%	**247**	249
				1,253	1,093

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

MATURITY PROFILE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2016 £M	2015 £M
Within 1 year, or on demand	**317**	244
Between 1 and 2 years	**287**	287
Between 2 and 3 years	**733**	–
Between 3 and 4 years	**154**	628
Between 4 and 5 years	**–**	132
In more than 5 years	**1,891**	1,627
Borrowings (excluding finance leases)	**3,382**	2,918

16 SHORT TERM AND LONG TERM BORROWINGS CONTINUED

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)	2016 CARRYING VALUE £M	2016 FAIR VALUE £M	2015 CARRYING VALUE £M	2015 FAIR VALUE £M
Bank overdrafts	27	27	59	59
Bank loans	542	542	329	329
Loan notes	1,560	1,601	1,437	1,456
€600m Eurobond Feb 2019	537	557	458	478
€500m Eurobond Jan 2023	469	475	386	379
£250m Eurobond Jun 2026	247	300	249	269
Bonds	1,253	1,332	1,093	1,126
Borrowings (excluding finance leases)	3,382	3,502	2,918	2,970

GROSS AND PRESENT VALUE OF FINANCE LEASE LIABILITIES	2016 GROSS £M	2016 PRESENT VALUE £M	2015 GROSS £M	2015 PRESENT VALUE £M
FINANCE LEASE PAYMENTS FALLING DUE:				
Within 1 year	5	4	4	3
In 1 to 5 years	9	9	7	7
In more than 5 years	1	1	3	3
	15	14	14	13
Less: Future finance charges	(1)	–	(1)	–
Gross and present value of finance lease liabilities	14	14	13	13

BORROWINGS BY CURRENCY	2016 BORROWINGS £M	2016 FINANCE LEASES £M	2016 TOTAL £M	2015 BORROWINGS £M	2015 FINANCE LEASES £M	2015 TOTAL £M
Sterling	534	–	534	584	–	584
US Dollar	1,813	–	1,813	1,441	–	1,441
Euro	1,013	10	1,023	853	11	864
Other	22	4	26	40	2	42
Total	3,382	14	3,396	2,918	13	2,931

The Group had the following undrawn committed facilities available at 30 September, in respect of which all conditions precedent had then been met:

UNDRAWN COMMITTED FACILITIES	2016 £M	2015 £M
Expiring between 1 and 5 years	1,000	1,000

17 DERIVATIVE 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 15; debt, which includes the borrowings disclosed in note 16; and equity attributable to equity shareholders of the Parent, comprising issued share capital, 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, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

LIQUIDITY RISK

The Group finances its borrowings from a number of sources including the bank, the public and the private placement markets. 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.

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. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are executed which, when applied to the actual currency liabilities, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings are less than, or equate to, the net investment in overseas operations, these exchange rate variances are treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the consolidated income statement.

Non-sterling 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 sterling financial position is exposed are the US dollar, the euro and the Japanese yen. As set out above, the Group seeks to hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Group's foreign operations in such currencies.

The effect on profit after tax and equity of a 10% strengthening of sterling 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 STERLING STRENGTHENING BY 10%	2016			2015		
	AGAINST US DOLLAR £M	**AGAINST EURO £M**	**AGAINST JAPANESE YEN £M**	AGAINST US DOLLAR £M	AGAINST EURO £M	AGAINST JAPANESE YEN £M
Increase in profit for the year (after tax)	**–**	**5**	**–**	–	4	–
Increase in total equity	**193**	**29**	**15**	164	20	11

17 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

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 either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year, reducing to 60% fixed for the second year and 40% fixed for the third year.

The sensitivity analysis given below has been determined based on the derivative and non-derivative financial instruments the Group had in place at the year end 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 £10 million (2015: loss of £6 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.

	2016					
INTEREST RATE SENSITIVITY ANALYSIS	**STERLING £M**	**US DOLLAR £M**	**EURO £M**	**JAPANESE YEN £M**	**OTHER £M**	**TOTAL £M**
Increase in interest rate	**+1%**	**+1%**	**+1%**	**+1%**	**+1%**	**n/a**
Floating rate exposure – cash/(debt)	**224**	**(1,133)**	**(125)**	**(81)**	**(167)**	**(1,282)**
Increase/(decrease) in profit for the year (after tax)	**2**	**(9)**	**(1)**	**(1)**	**(1)**	**(10)**

	2015					
INTEREST RATE SENSITIVITY ANALYSIS	STERLING £M	US DOLLAR £M	EURO £M	JAPANESE YEN £M	OTHER £M	TOTAL £M
Increase in interest rate	+1%	+1%	+1%	+1%	+1%	n/a
Floating rate exposure – cash/(debt)	45	(681)	(49)	(20)	(73)	(778)
Decrease in profit for the year (after tax)	–	(5)	–	–	(1)	(6)

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 interest rate and currency hedging may be implemented after the year end date in order to comply with the treasury policies outlined above.

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 managing the aggregate exposure to each against certain pre-agreed limits. Exposure to counterparty credit risk arising from deposits and derivatives (including forward currency contracts and cross currency swaps) is concentrated at the Group centre where possible. Financial counterparty limits are derived from the long and short term credit ratings, and the balance sheet strength of the financial counterparty. All financial counterparties are required to have a minimum short term credit rating from Moody's of P-1 or equivalent from another recognised agency.

The Group's policy to manage the credit risk associated with trade and other receivables is set out in note 13.

HEDGING ACTIVITIES

The following section describes the derivative financial instruments the Group uses to apply the interest rate and foreign currency hedging strategies described above.

FAIR VALUE HEDGES

The Group uses interest rate swaps to hedge the fair value of fixed rate borrowings. These instruments swap the fixed interest payable on the borrowings into floating interest rates and hedge the fair value of the borrowings against changes in interest rates. These interest rate swaps all qualify for fair value hedge accounting as defined by IAS 39.

17 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

CASH FLOW HEDGES

The Group uses interest rate swaps to hedge the cash flows from floating rate borrowings. These instruments swap floating interest payable on these borrowings into fixed interest rates and hedge against cash flow changes caused by changing interest rates. The cash flows and income statement impact hedged in this manner will occur between one and three years of the balance sheet date.

These interest rate swaps do not qualify for cash flow hedge accounting as defined by IAS 39 because the Group creates synthetic floating rate foreign currency borrowings (see net investment hedges below) through the use of forward currency contracts and cross currency swaps which IAS 39 disallows as being designated as a hedged item.

These interest rate swaps are an effective economic hedge against the exposure of the Group's floating rate borrowings to interest rate risk.

NET INVESTMENT HEDGES

The Group uses foreign currency denominated debt, forward currency contracts and cross currency swaps to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates. The fair value of debt in a net investment hedge was £3,092 million (2015: £2,613 million). A foreign exchange loss of £507 million (2015: loss of £18 million) relating to the net investment hedges has been netted off within currency translation differences as presented on the consolidated statement of comprehensive income.

DERIVATIVES NOT IN A HEDGING RELATIONSHIP

The Group has a number of derivative financial instruments that do not meet the criteria for hedge accounting. These include some interest rate swaps and some forward currency contracts.

FAIR VALUE MEASUREMENT

All derivative financial instruments are shown at fair value in the balance sheet. 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'. Derivative financial instrument fair values are present values determined from future cashflows discounted at rates derived from market sourced data. There were no transfers between levels in either the year ended 30 September 2016 or 2015. The fair values of derivative financial instruments represent the maximum credit exposure.

	2016				2015			
DERIVATIVE FINANCIAL INSTRUMENTS	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES
INTEREST RATE SWAPS:								
Fair value hedges[1]	–	74	–	–	2	58	–	–
Not in a hedging relationship[2]	–	–	(3)	(1)	–	–	(2)	(2)
OTHER DERIVATIVES:								
Forward currency contracts and cross currency swaps	2	110	(6)	–	17	–	(5)	(23)
Total	2	184	(9)	(1)	19	58	(7)	(25)

1. Derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).
2. Derivatives carried at 'fair value through profit or loss' (IAS 39).

	2016		2015	
NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY	FAIR VALUE SWAPS £M	CASH FLOW SWAPS £M	FAIR VALUE SWAPS £M	CASH FLOW SWAPS £M
Sterling	20	–	20	–
US Dollar	694	485	658	390
Euro	823	34	700	22
Japanese Yen	–	141	–	73
Other	–	351	–	236
Total	1,537	1,011	1,378	721

17 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AFTER THE EFFECT OF DERIVATIVES	2016 GROSS BORROWINGS £M	2016 FORWARD CURRENCY CONTRACTS[1] £M	2016 EFFECTIVE CURRENCY OF BORROWINGS £M	2015 GROSS BORROWINGS £M	2015 FORWARD CURRENCY CONTRACTS[1] £M	2015 EFFECTIVE CURRENCY OF BORROWINGS £M
Sterling	**534**	**(409)**	**125**	584	(293)	291
US Dollar	**1,813**	**373**	**2,186**	1,441	406	1,847
Euro	**1,023**	**(635)**	**388**	864	(578)	286
Japanese Yen	**–**	**156**	**156**	–	125	125
Other	**26**	**476**	**502**	42	389	431
Total	**3,396**	**(39)**	**3,357**	2,931	49	2,980

1. Includes cross currency contracts.

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							
£250m Eurobond 2026	–	–	–	–	–	247	247
€500m Eurobond 2023	–	–	–	–	–	431	431
€600m Eurobond 2019	–	–	517	–	–	–	517
US private placements	35	–	192	154	–	1,115	1,496
Total fixed interest	35	–	709	154	–	1,793	2,691
Cash flow swaps (fixed leg)	649	362	–	–	–	–	1,011
Fair value swaps (fixed leg)	(20)	–	(582)	–	–	(935)	(1,537)
Fixed interest liability	664	362	127	154	–	858	2,165
FLOATING INTEREST							
Bank loans	255	287	–	–	–	–	542
Overdrafts	27	–	–	–	–	–	27
Total floating interest	282	287	–	–	–	–	569
Cash flow swaps (floating leg)	(649)	(362)	–	–	–	–	(1,011)
Fair value swaps (floating leg)	20	–	582	–	–	935	1,537
Floating interest (asset)/liability	(347)	(75)	582	–	–	935	1,095
OTHER							
Finance lease obligations	4	3	3	2	1	1	14
Fair value adjustments to borrowings[1]	–	–	24	–	–	98	122
Other liability	4	3	27	2	1	99	136
Gross debt excluding derivatives	321	290	736	156	1	1,892	3,396
DERIVATIVE FINANCIAL INSTRUMENTS							
Derivative financial instruments[2]	3	(3)	(35)	–	–	(145)	(180)
Forward currency contracts[1]	4	–	–	–	–	–	4
Gross debt	328	287	701	156	1	1,747	3,220

1. Non-cash item (changes in the value of this non-cash item are reported via the currency translation gains/(losses) caption in note 25).
2. Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 25).

17 DERIVATIVE 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	328	287	701	156	1	1,747	3,220
Less: Overdrafts	(27)	–	–	–	–	–	(27)
Less: Fees and premiums capitalised on issue	(1)	(1)	(1)	(1)	(1)	(3)	(8)
Less: Other non-cash items	(7)	3	11	–	–	47	54
Repayment of principal	293	289	711	155	–	1,791	3,239
Interest cash flows on debt and derivatives (settled net)	100	95	90	70	63	204	622
Settlement of forward currency contracts and cross currency swaps – payable leg	(538)	–	–	–	–	–	(538)
Settlement of forward currency contracts and cross currency swaps – receivable leg	532	–	–	–	–	–	532
Repayment of principal and interest	387	384	801	225	63	1,995	3,855

GROSS DEBT MATURITY ANALYSIS	2015 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							
£250m Eurobond 2026	–	–	–	–	–	249	249
€500m Eurobond 2023	–	–	–	–	–	367	367
€500m Eurobond 2019	–	–	–	438	–	–	438
US private placements	107	35	–	164	132	955	1,393
Total fixed interest	107	35	–	602	132	1,571	2,447
Cash flow swaps (fixed leg)	505	216	–	–	–	–	721
Fair value swaps (fixed leg)	(63)	(20)	–	(497)	–	(798)	(1,378)
Fixed interest liability	549	231	–	105	132	773	1,790
FLOATING INTEREST							
Bank loans	78	251	–	–	–	–	329
Overdrafts	59	–	–	–	–	–	59
Total floating interest	137	251	–	–	–	–	388
Cash flow swaps (floating leg)	(505)	(216)	–	–	–	–	(721)
Fair value swaps (floating leg)	63	20	–	497	–	798	1,378
Floating interest (asset)/liability	(305)	55	–	497	–	798	1,045
OTHER							
Finance lease obligations	3	3	1	1	2	3	13
Fair value adjustments to borrowings[1]	–	1	–	26	–	56	83
Other (asset)/liability	3	4	1	27	2	59	96
Gross debt excluding derivatives	247	290	1	629	134	1,630	2,931
DERIVATIVE FINANCIAL INSTRUMENTS							
Derivative financial instruments[2]	(16)	1	–	(1)	–	(33)	(49)
Forward currency contracts[1]	4	–	–	–	–	–	4
Gross debt	235	291	1	628	134	1,597	2,886

1. Non-cash item (changes in the value of this non-cash item are reported via the currency translation (losses)/gains caption in note 25).
2. Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 25).

17 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

PRINCIPAL AND INTEREST MATURITY	2015 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	235	291	1	628	134	1,597	2,886
Less: Overdrafts	(59)	–	–	–	–	–	(59)
Less: Fees and premiums capitalised on issue	(1)	(1)	(1)	(1)	(1)	(5)	(10)
Less: Other non-cash items	12	(2)	–	(25)	–	(23)	(38)
Repayment of principal	187	288	–	602	133	1,569	2,779
Interest cash flows on debt and derivatives (settled net)	96	88	79	81	62	237	643
Settlement of forward currency contracts and cross currency swaps – payable leg	(912)	–	–	(251)	–	(399)	(1,562)
Settlement of forward currency contracts and cross currency swaps – receivable leg	931	–	–	221	–	369	1,521
Repayment of principal and interest	302	376	79	653	195	1,776	3,381

18 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES	2016 CURRENT £M	2016 NON-CURRENT £M	2016 TOTAL £M	2015 CURRENT £M	2015 NON-CURRENT £M	2015 TOTAL £M
NET BOOK VALUE						
At 1 October	**3,157**	**84**	**3,241**	3,077	78	3,155
Net movement	**185**	**(13)**	**172**	149	12	161
Reclassification	**–**	**–**	**–**	1	(2)	(1)
Currency adjustment	**509**	**15**	**524**	(70)	(4)	(74)
At 30 September	**3,851**	**86**	**3,937**	3,157	84	3,241
COMPRISED OF						
Trade payables	**1,707**	**–**	**1,707**	1,400	–	1,400
Social security and other taxes	**343**	**–**	**343**	273	–	273
Other payables	**172**	**32**	**204**	155	28	183
Deferred consideration on acquisitions[1]	**29**	**17**	**46**	16	28	44
Accruals[2]	**1,214**	**37**	**1,251**	1,027	28	1,055
Deferred income	**380**	**–**	**380**	286	–	286
Capital creditors	**6**	**–**	**6**	–	–	–
Trade and other payables	**3,851**	**86**	**3,937**	3,157	84	3,241

1. Categorised as ‘other financial liabilities’ (IAS 39).
2. Of this balance £577 million (2015: £415 million) is categorised as ‘other financial liabilities’ (IAS 39).

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.

Trade payable days at 30 September 2016 were 75 days (2015: 74 days) on a constant currency basis.

19 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	RE-ORGANISATION £M	OTHER £M	TOTAL £M
At 1 October 2014	232	46	29	64	36	31	438
Reclassified[1]	–	–	(1)	1	(1)	–	(1)
Expenditure in the year[2]	(54)	(1)	(11)	(15)	(20)	(6)	(107)
Charged to income statement[2]	58	–	9	17	7	2	93
Credited to income statement	(12)	–	(6)	(16)	(4)	(4)	(42)
Business disposals	–	–	–	–	(2)	–	(2)
Unwinding of discount on provisions	5	–	1	–	–	–	6
Currency adjustment	13	–	(1)	(7)	(2)	(1)	2
At 30 September 2015	242	45	20	44	14	22	387
At 1 October 2015	**242**	**45**	**20**	**44**	**14**	**22**	**387**
Expenditure in the year	**(48)**	**(1)**	**(9)**	**(9)**	**(5)**	**(7)**	**(79)**
Charged to income statement	**53**	**3**	**4**	**2**	**9**	**5**	**76**
Credited to income statement	**(8)**	**–**	**(2)**	**(2)**	**(4)**	**–**	**(16)**
Business acquisitions	**–**	**–**	**–**	**2**	**–**	**–**	**2**
Business disposals	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Unwinding of discount on provisions	**4**	**–**	**1**	**–**	**–**	**–**	**5**
Currency adjustment	**35**	**–**	**1**	**7**	**3**	**3**	**49**
At 30 September 2016	**278**	**47**	**15**	**44**	**16**	**23**	**423**

1. Including items reclassified between accrued liabilities and other balance sheet captions.
2. 2015 has been restated reflecting a split in workers' compensation charged and paid.

PROVISIONS	2016 £M	2015 £M
Current	**143**	136
Non-current	**280**	251
Total provisions	**423**	387

The provision for workers' compensation and similar obligations relates mainly to the potential settlement of claims by employees in the US for medical benefits and lost wages associated with injuries incurred in the course of their employment, and is essentially long term in nature.

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.

20 POST EMPLOYMENT BENEFIT OBLIGATIONS

PENSION SCHEMES OPERATED

The Group operates a number of pension arrangements throughout the world 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. The Group makes employer contributions to the various schemes in existence within the range of 2% to 39% of pensionable salaries.

The contributions payable for defined contribution schemes of £100 million (2015: £84 million) have been fully expensed against profits in the current year.

UK SCHEMES

Within the UK there are now three main arrangements: the Compass Retirement Income Savings Plan (CRISP), the Compass Group Pension Plan (the Plan), and the Company's stakeholder pension arrangement.

CRISP was launched on 1 February 2003. This has been the main vehicle for pension provision for new joiners in the UK since that date but existing members of the Plan had continued to accrue benefits under those arrangements up until 5 April 2010. CRISP is a contracted-in money purchase arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 3%). Within CRISP a new defined contribution section was established from April 2006 known as the Compass Higher Income Plan (CHIP). Senior employees who contribute to CRISP will receive an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Company's discretion. The payment towards CHIP may be taken in part, or in whole, as a cash supplement instead of a pension contribution.

CRISP has a corporate trustee. The Chairman, Nigel Palmer, is a former employee of the Group. The other five trustee directors are UK based employees of the Group, two of whom have been nominated by CRISP members.

The Plan is a defined benefit arrangement. Those UK employees who transfer from the public sector under the Transfer of Undertakings (Protection of Employment) Regulations 2006 are eligible to join the Plan, which has otherwise been closed to new entrants since 2003. Such transferees enter into the GAD sections of the Plan and are known as 'GAD members'. The Plan closed to future accrual for all existing members, other than GAD members, on 5 April 2010. The affected members were offered membership of CRISP from 6 April 2010.

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2016. At the valuation date the total market value of the assets of the Plan was £2,233 million which represented 103% of the benefits that had accrued to members after allowing for expected future increases in earnings.

By agreement with the trustees, the Company is no longer funding any deficit. The next triennial valuation is due to be completed as at 5 April 2019. The Plan is reappraised annually by independent actuaries in accordance with IAS 19 'Employee Benefits' requirements.

The Plan has a corporate trustee. The Chairman, Phillip Whittome, is independent. There are a further six trustee directors, five of whom are either UK based employees or former employees of the Group, three of whom have been nominated by Plan members and the sixth is an independent trustee director.

The Company became subject to the Pensions Automatic Enrolment Regulations for its workforce in the UK on 1 November 2012 but, in accordance with the Regulations, deferred its staging date for automatic enrolment of eligible employees until 2 January 2013. Both the Plan and CRISP are compliant arrangements under these Regulations and have been registered as such.

Employees who are not already in one of these registered compliant arrangements have been automatically enrolled into the National Employment Savings Trust (NEST). The Company considers that NEST provides the right type of service, communication material and investment choice for our employees and that it has the capabilities to support a company as large and diverse as Compass.

20 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

OVERSEAS SCHEMES

In the USA, the main plan is a defined benefit plan. The funding policy, in accordance with government guidelines, is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. In Canada, 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.

In addition, the Group contributes to a number of multi-employer union sponsored pension plans, primarily in the USA. These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans. The Group made total contributions of £12 million in the year (2015: £11 million) to these arrangements.

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:

	UK SCHEMES		USA SCHEMES		OTHER SCHEMES	
	2016	2015	**2016**	2015	**2016**	2015
Discount rate	**2.3%**	3.8%	**3.2%**	3.9%	**1.5%**	2.2%
Inflation	**3.1%**	3.1%	**2.1%**	2.1%	**1.5%**	1.4%
CPI inflation	**2.35%**	2.35%	**n/a**	n/a	**n/a**	n/a
Rate of increase in salaries	**3.1%**	3.1%	**3.0%**	3.0%	**1.7%**	1.7%
Rate of increase for pensions in payment	**3.0%**	3.0%	**2.1%**	2.1%	**0.2%**	0.2%
Rate of increase for deferred pensions[1]	**2.7%**	2.7%	**0.0%**	0.0%	**0.0%**	0.0%

1. This assumption is now presented as a weighted average.

The mortality assumptions used to value the current year UK pension schemes are derived from the S2PA generational mortality tables (2015: S1NA generation mortality tables) with improvements in line with the projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession, with +0.2 years age rating for male non-pensioners, -0.2 years age rating for male pensioners (2015: no male rating adjustments) and -0.1 years age rating for all females (2015: +0.6 years age rating for all females), with a long term underpin of 1.25%. These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Group estimates the average duration of the UK Plan's liabilities to be 19 years (2015: 18 years).

20 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Examples of the resulting life expectancies are as follows:

LIFE EXPECTANCY AT AGE 65	2016 MALE	2016 FEMALE	2015 MALE	2015 FEMALE
Member aged 65 in 2016 (2015)	**22.4**	**24.3**	22.6	24.5
Member aged 65 in 2041 (2040)	**24.7**	**26.7**	24.8	27.0

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of pension schemes.

For the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries. The mortality assumptions used to value USA schemes are derived from the RP2014 combined healthy table, generational MP2015 scale. Examples of the resulting life expectancies are as follows:

LIFE EXPECTANCY AT AGE 65	2016 MALE	2016 FEMALE	2015 MALE	2015 FEMALE
Member aged 65 in 2016 (2015)	**21.3**	**23.3**	21.7	23.9
Member aged 65 in 2041 (2040)	**23.4**	**25.4**	23.8	26.0

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 2016	IMPACT ON SCHEME DEFICIT 2015
UK			
Discount rate	Increase by 0.5%	Decrease by £227 million	Decrease by £168 million
	Decrease by 0.5%	Increase by £244 million	Increase by £179 million
Inflation	Increase by 0.5%	Increase by £154 million	Increase by £120 million
	Decrease by 0.5%	Decrease by £126 million	Decrease by £98 million
CPI Inflation	Increase by 0.5%	Increase by £41 million	Increase by £33 million
	Decrease by 0.5%	Decrease by £31 million	Decrease by £28 million
Life expectations from age 65	Increase by 1 year	Increase by £98 million	Increase by £61 million
Life expectations – annual improvement rate	Increase by 0.25% per annum	Increase by £43 million	Increase by £27 million
USA AND OTHERS			
Discount rate	Increase by 0.5%	Decrease by £22 million	Decrease by £20 million
	Decrease by 0.5%	Increase by £23 million	Increase by £17 million
Inflation	Increase by 0.5%	Increase by £5 million	Increase by £5 million
	Decrease by 0.5%	Decrease by £5 million	Decrease by £3 million
Life expectations from age 65	Increase by 1 year	Increase by £9 million	Increase by £6 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 impact of a change in the UK inflation rate shown above includes the impact of a change in both the RPI and CPI inflation rates.

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.

20 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

ANALYSIS OF THE FAIR VALUE PLAN ASSETS

At 30 September 2016, 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 BY MAJOR CATEGORY	2016 UK £M	2016 USA £M	2016 OTHER £M	2016 TOTAL £M	2015 UK £M	2015 USA £M	2015 OTHER £M	2015 TOTAL £M
EQUITY TYPE ASSET								
Global equities quoted	134	183	13	330	238	151	11	400
Global equities unquoted	–	–	15	15	–	–	12	12
GOVERNMENT BONDS								
UK fixed interest quoted	688	–	–	688	538	–	–	538
UK index linked quoted	1,108	–	–	1,108	818	–	–	818
Overseas quoted	–	–	–	–	–	8	–	8
Overseas unquoted	–	–	32	32	–	–	27	27
CORPORATE BONDS								
Corporate bonds quoted	524	154	–	678	387	107	–	494
Corporate bonds unquoted	–	–	2	2	–	–	2	2
Diversified securities quoted	–	9	–	9	–	7	–	7
OTHER ASSETS								
Property funds quoted	166	–	1	167	152	–	1	153
Property funds unquoted	–	–	14	14	–	–	12	12
Insurance policies unquoted	–	–	7	7	–	–	9	9
Other assets	–	–	10	10	–	–	9	9
Cash and cash equivalents	3	46	3	52	4	27	2	33
At 30 September	2,623	392	97	3,112	2,137	300	85	2,522

The UK Plan has substantial holdings of diversified global equity type investments, mainly shares in listed companies. The return on these investments is variable, and they are generally considered to be 'riskier' investments. However, it is generally accepted that the yield on these investments will contain a premium to compensate investors for this additional risk. There is significant uncertainty about the likely size of this risk premium. 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.

The trustee also holds corporate bonds and other fixed interest securities. The risk of default on these is assessed by various rating agencies. Some of these bond investments are issued by HM Government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS	2016 UK £M	2016 USA £M	2016 OTHER £M	2016 TOTAL £M	2015 UK £M	2015 USA £M	2015 OTHER £M	2015 TOTAL £M
At 1 October	2,137	300	85	2,522	1,944	279	84	2,307
Currency and other adjustments	4	54	15	73	–	20	(1)	19
Interest income on plan assets	78	12	2	92	76	11	2	89
Return on plan assets, excluding interest income	457	22	1	480	155	(14)	4	145
Employee contributions	–	23	2	25	–	18	2	20
Employer contributions	27	17	11	55	30	32	12	74
Benefits paid	(80)	(35)	(11)	(126)	(68)	(29)	(11)	(108)
Administration expenses paid from plan assets	–	(1)	–	(1)	–	(2)	–	(2)
Disposals and plan settlements	–	–	(8)	(8)	–	(15)	(7)	(22)
At 30 September	2,623	392	97	3,112	2,137	300	85	2,522

20 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2016 UK £M	2016 USA £M	2016 OTHER £M	2016 TOTAL £M	2015 UK £M	2015 USA £M	2015 OTHER £M	2015 TOTAL £M
At 1 October	1,966	404	161	2,531	1,920	390	167	2,477
Currency adjustment	2	70	30	102	(1)	27	(6)	20
Current service cost	2	8	7	17	2	8	6	16
Past service cost	–	(1)	–	(1)	–	–	–	–
Interest expense on benefit obligations	73	16	4	93	75	15	4	94
Remeasurements – demographic assumptions	(19)	(3)	(3)	(25)	–	3	2	5
Remeasurements – financial assumptions	585	25	16	626	38	(11)	3	30
Remeasurements – experience	(98)	(3)	–	(101)	–	–	2	2
Employee contributions	–	23	2	25	–	18	2	20
Benefits paid	(80)	(35)	(11)	(126)	(68)	(29)	(11)	(108)
Disposals and plan settlements	–	–	(8)	(8)	–	(17)	(8)	(25)
At 30 September	2,431	504	198	3,133	1,966	404	161	2,531

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2016 UK £M	2016 USA £M	2016 OTHER £M	2016 TOTAL £M	2015 UK £M	2015 USA £M	2015 OTHER £M	2015 TOTAL £M
Funded obligations	2,379	391	123	2,893	1,924	310	105	2,339
Unfunded obligations	52	113	75	240	42	94	56	192
Total obligations	2,431	504	198	3,133	1,966	404	161	2,531

POST EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2016 UK £M	2016 USA £M	2016 OTHER £M	2016 TOTAL £M
Present value of defined benefit obligations	2,431	504	198	3,133
Fair value of plan assets	(2,623)	(392)	(97)	(3,112)
Post employment benefit obligations recognised in the balance sheet	(192)	112	101	21

POST EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2015 UK £M	2015 USA £M	2015 OTHER £M	2015 TOTAL £M
Present value of defined benefit obligations	1,966	404	161	2,531
Fair value of plan assets	(2,137)	(300)	(85)	(2,522)
Post employment benefit obligations recognised in the balance sheet	(171)	104	76	9

Certain Group companies have taken out life insurance policies and invested in mutual funds which will be used to meet unfunded pension obligations. The current value of these policies and other assets, £38 million (2015: £29 million), may not be offset against pension obligations under IAS 19 and is reported within note 12.

20 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED INCOME STATEMENT

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

	2016				2015			
	UK £M	USA £M	OTHER £M	TOTAL £M	UK £M	USA £M	OTHER £M	TOTAL £M
Current service cost	2	8	7	17	2	8	6	16
Past service cost	–	(1)	–	(1)	–	–	–	–
Charged to operating expenses	2	7	7	16	2	8	6	16
Interest expense on benefit obligations	73	16	4	93	75	15	4	94
Interest income on plan assets	(78)	(12)	(2)	(92)	(76)	(11)	(2)	(89)
Charged to finance costs	(5)	4	2	1	(1)	4	2	5
Total charged in the consolidated income statement	(3)	11	9	17	1	12	8	21

The Group made total contributions to defined benefit schemes of £55 million in the year (2015: £74 million) and expects to make total contributions to these schemes of £30 million in 2017.

AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2016 £M	2015 £M
Remeasurement of post employment benefit obligations		
Effect of changes in demographic assumptions	25	(5)
Effect of changes in financial assumptions	(626)	(30)
Effect of experience adjustments	101	(2)
Remeasurement of post employment benefit obligations – loss	(500)	(37)
Return on plan assets, excluding interest income – gain	480	145
Total recognised in the consolidated statement of comprehensive income	(20)	108

21 SHARE CAPITAL

During the year, no options were granted under The Compass Group Share Option Plan 2010.

During the year, the Company purchased 8,671,579 equity ordinary shares in accordance with its share buyback programme (2015: 30,086,546). Of these 6,560,656 were held as treasury shares. £28 million was paid to acquire shares that were subsequently cancelled and £72 million was paid to acquire shares that are to be held as treasury shares. The total amount paid to acquire all the shares was £100 million which has been deducted from shareholders' equity (2015: £328 million).

3,780,997 treasury shares were released in 2016 (2015: 756,579), leaving a balance held at 30 September 2016 of 11,575,887 (2015: 8,796,228). Proceeds received from the reissuance of treasury shares to exercise share options were £3 million (2015: £1 million).

	2016		2015	
ALLOTTED SHARE CAPITAL	NUMBER OF SHARES	£M	NUMBER OF SHARES	£M
ALLOTTED AND FULLY PAID:				
New Ordinary shares of 10⅝p each	1,654,666,459	176	1,656,777,382	176
At 1 October		176		178
Ordinary and New Ordinary shares allotted during the year		–		–
Repurchase of Ordinary and New Ordinary shares		–		(2)
At 30 September		176		176

21 SHARE CAPITAL CONTINUED

NUMBER OF SHARES

ALLOTTED SHARE CAPITAL	2016 ORDINARY SHARES OF 10⅝P EACH	2015 ORDINARY SHARES OF 10⅝P EACH
At 1 October	**1,656,777,382**	1,673,886,784
Ordinary and New Ordinary shares allotted during the year on exercise of share options	**–**	1,821,725
Ordinary shares allotted during the year on release of Long Term Incentive Plan awards	**–**	1,602,612
Repurchase of Ordinary and New Ordinary shares	**(2,110,923)**	(20,533,739)
At 30 September	**1,654,666,459**	1,656,777,382

FINANCIAL STATEMENTS

At 30 September 2016, employees held options over a total of 3,880,166 New Ordinary shares under the Group's Executive and Management Share Option Plans as follows:

EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	EXERCISABLE	NUMBER OF SHARES	OPTION PRICE PER SHARE PENCE
DATE OF GRANT:			
30 March 2007	30 March 2010 – 29 March 2017	35,258	335.75
28 September 2007	28 September 2010 – 27 September 2017	28,660	310.75
28 March 2008	28 March 2011 – 27 March 2018	127,606	321.50
31 March 2009	31 March 2012 – 30 March 2019	285,097	319.00
30 September 2009	30 September 2012 – 29 September 2019	2,310	372.40
13 May 2010	13 May 2013 – 12 May 2020	360,016	557.50
25 November 2010	25 November 2013 – 24 November 2020	1,555	566.00
19 May 2011	19 May 2014 – 18 May 2021	453,000	575.00
25 November 2011	25 November 2014 – 24 November 2021	1,500	545.50
17 May 2012	17 May 2015 – 16 May 2022	1,057,596	627.00
22 November 2012	22 November 2015 – 21 November 2022	63,197	699.50
16 May 2013	16 May 2016 – 15 May 2023	1,363,596	878.00
29 November 2013	29 November 2016 – 28 November 2023	100,775	922.00
		3,880,166	

Options granted after 3 February 2011 under the terms of The Compass Group Share Option Plan 2010 may be net settled at the discretion of the Company on exercise by the option holders, sufficient New Ordinary shares being issued and/or treasury shares used to satisfy the profit realised during the period of the option.

At 30 September 2016, employees also held awards under The Compass Group PLC Long Term Incentive Plan 2010 (LTIP 2010) as follows:

	VESTING DATE	NUMBER OF SHARES	PERFORMANCE TARGET
DATE OF AWARD:			
29 November 2013	1 October 2016	771,791	33% TSR/33% AFCF/33%ROCE
29 November 2013	1 October 2016	13,556	50% AFCF/50%ROCE
9 July 2014	1 October 2016	1,265,406	50% AFCF/50%ROCE
27 November 2014	1 October 2017	99,312	50% AFCF/50%ROCE
6 February 2015	1 October 2017	728,799	33% TSR/33% AFCF/33%ROCE
14 May 2015	1 October 2017	1,269,574	50% AFCF/50%ROCE
25 November 2015	1 October 2018	48,922	50% AFCF/50%ROCE
25 November 2015	1 October 2018	740,667	33% TSR/33% AFCF/33%ROCE
12 May 2016	1 October 2018	1,484,607	50% AFCF/50%ROCE
12 May 2016	1 October 2018	50,544	33% TSR/33% AFCF/33%ROCE
		6,473,178	

The performance and vesting conditions are described in more detail in note 22.

22 SHARE-BASED PAYMENTS

SHARE OPTIONS

Full details of The Compass Group Share Option Plan 2010 (CSOP 2010), the Compass Group Share Option Plan (CSOP 2000), the Compass Group Management Share Option Plan (Management Plan) (collectively the Executive and Management Share Option Plans) and the UK Sharesave Plan are set out in prior years' annual reports which are available on the Company's website.

The following tables illustrate the number and weighted average exercise prices of, and movements in, share options during the year:

	2016		2015	
EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PENCE	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PENCE
Outstanding at 1 October	**9,799,188**	**674.02**	15,296,670	623.07
Exercised	**(2,666,477)**	**558.33**	(2,578,304)	462.68
Lapsed (following net settlement)	**(2,197,876)**	**732.60**	(1,681,555)	603.06
Expired	**–**	**–**	(229,400)	229.25
Lapsed	**(1,054,669)**	**845.77**	(1,008,223)	661.03
Outstanding at 30 September	**3,880,166**	**673.66**	9,799,188	674.02
Exercisable at 30 September	**3,779,391**	**667.04**	5,649,174	529.85

INFORMATION RELATING TO ALL OPTION SCHEMES

The weighted average share price at the date of exercise for share options exercised during the year was 1,277.77 pence (2015: 1,096.06 pence).

The executive and management options outstanding at the end of the year have a weighted average remaining contractual life of 5.3 years (2015: 6.2 years).

No options were granted during the year.

Fair values for the executive and management schemes were calculated using a binomial distribution option pricing model so that proper allowance is made for the presence of performance conditions and the possibility of early exercise. In addition, a Monte Carlo simulation model was used to estimate the probability of performance conditions being met. The inputs to the option pricing models are reassessed for each grant.

The expected volatility is calculated with reference to weekly movements in the Compass share price over the three years prior to the grant date.

		TARGET			
		THRESHOLD		MAXIMUM	
EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	PERFORMANCE PERIOD	AFCF £M	% OF AWARD	AFCF £M	% OF AWARD
GRANTED ON:					
29 November 2013	1 October 2013 – 30 September 2016	2,423	0%	2,679	100%

Performance targets applying to earlier grants under the Executive and Management Share Option Plans have been met at 78%.

22 SHARE-BASED PAYMENTS CONTINUED

LONG TERM INCENTIVE PLANS

Full details of The Compass Group PLC Long Term Incentive Plan 2010 can be found in the Directors' Remuneration Report on pages 58 to 79.

The following table shows the movement in share awards during the year:

LONG TERM INCENTIVE PLANS	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
Outstanding at 1 October	**5,621,322**	5,176,571
Awarded	**2,324,740**	2,352,851
Released	**(866,640)**	(1,602,612)
Lapsed	**(606,244)**	(305,488)
Outstanding at 30 September	**6,473,178**	5,621,322

PERFORMANCE TARGETS – LONG TERM INCENTIVE PLANS	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
Total Shareholder Return (TSR)	**763,934**	909,028
Cumulative three year Adjusted Free Cash Flow (AFCF)	**2,854,622**	2,356,147
Return On Capital Employed (ROCE)	**2,854,622**	2,356,147
Outstanding at 30 September	**6,473,178**	5,621,322

Vesting of a proportion of LTIP awards is dependent on the Group's Total Shareholder Return (TSR) performance relative to a comparator group of non-financial companies included within the FTSE 100 Index. This performance condition is treated as a market based condition for valuation purposes and an assessment of the vesting probability is built into the grant date fair value calculations. This assessment was calculated using a Monte Carlo simulation option pricing model.

Vesting of a proportion of LTIP awards is dependent on the achievement of the cumulative three year AFCF target. 100% of that element of the award will vest if the maximum AFCF target is met, and a proportion of the award will vest if the threshold AFCF target is met, as set out in the table below. Awards vest on a straight line basis between these two points.

		TARGET			
		THRESHOLD		MAXIMUM	
LONG TERM INCENTIVE PLANS	PERFORMANCE PERIOD	AFCF £M	% OF AWARD	AFCF £M	% OF AWARD
AWARDED DURING THE YEAR COMMENCING:					
1 October 2013	1 October 2013 – 30 September 2016	2,423	0%	2,679	100%
1 October 2014	1 October 2014 – 30 September 2017	2,231	0%	2,465	100%
1 October 2015	1 October 2015 – 30 September 2018	2,220	0%	2,454	100%

Vesting of a proportion of LTIP awards is dependent on the achievement of the ROCE target over the performance period. 100% of that element of the award will vest if the maximum ROCE target is met, and a proportion of the award will vest if the threshold growth target is met, as set out in the table below. Awards vest on a straight line basis between these two points.

		TARGET			
		THRESHOLD		MAXIMUM	
LONG TERM INCENTIVE PLANS	PERFORMANCE PERIOD	ROCE %	% OF AWARD	ROCE %	% OF AWARD
AWARDED DURING THE YEAR COMMENCING:					
1 October 2013	1 October 2013 – 30 September 2016	18.4%	0%	20.1%	100%
1 October 2014	1 October 2014 – 30 September 2017	19.0%	0%	20.4%	100%
1 October 2015	1 October 2015 – 30 September 2018	18.7%	0%	19.7%	100%

22 SHARE-BASED PAYMENTS CONTINUED

The fair value of awards subject to AFCF and ROCE performance targets was calculated using the Black-Scholes option pricing model. The vesting probability of each element has been assessed based on a simulation model of the AFCF and ROCE forecasts. The AFCF performance targets relating to the LTIP awards made in the year commencing 1 October 2011 were met in full and the maximum number of shares available were released to participants. For awards made in the year commencing 1 October 2012, the performance targets were not met in full such that for the AFCF performance target 78% of shares vested and for the ROCE performance target 74% of shares vested.

The element of awards made in the year commencing 1 October 2011 dependent upon TSR performance targets vested in full and the maximum number of shares available were released to participants as the Company's TSR performance was within the top quartile of the comparator group. For the element of awards made in the year commencing 1 October 2012, the Company's TSR performance fell just outside the top quartile of the comparator group and as a result 85% of that element of the award vested. The weighted average share price at the date of release for LTIP awards released during 2016 was 1,080.00 pence (2015: 1,060.06 pence).

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.5 years (2015: 1.7 years).

For the year ended 30 September 2016, Board LTIP awards were made on 25 November 2015 and 12 May 2016 for which the estimated fair values were 611.01 pence and 1,022.20 pence respectively. Leadership LTIP awards were also made on 25 November 2015 and 12 May 2016 for which the estimated fair values were 928.50 pence and 1,048.51 pence respectively. For the year ended 30 September 2015, LTIP awards were made on 27 November 2014, 6 February 2015 and 14 May 2015 for which the estimated fair values were 663.40 pence, 630.36 pence and 708.41 pence respectively. These awards were all made under the terms of the 2010 LTIP.

For the year ended 30 September 2016, two LTIP awards were made on each of 25 November 2015 and 12 May 2016 for which the estimated fair values were 611.01 pence and 928.50 pence; and 1,022.20 pence and 1,048.51 pence respectively. For the year ended 30 September 2015, LTIP awards were made on 27 November 2014, 6 February 2015 and 14 May 2015 for which the estimated fair values were 663.40 pence, 630.36 pence and 708.41 pence respectively.

The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculating the fair value of LTIP awards made during the year:

ASSUMPTIONS – LONG TERM INCENTIVE PLANS	2016	2015
Expected volatility	**17.1%**	14.9%
Risk free interest rate	**1.6%**	0.7%
Dividend yield	**2.5%**	2.3%
Expected life	**2.9 years**	2.9 years
Weighted average share price at date of grant	**1,203.76p**	1,130.31p

RESTRICTED SHARES

The following table shows the movement in restricted share awards during the year:

RESTRICTED SHARES	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
Outstanding at 1 October	**287,206**	347,270
Awarded	**83,286**	79,502
Vested and released	**(34,001)**	(114,566)
Lapsed	**(10,000)**	(25,000)
Outstanding at 30 September	**326,491**	287,206

RESTRICTED SHARES (PHANTOM AWARDS)	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
Outstanding at 1 October	**–**	52,460
Vested and released	**–**	(52,460)
Outstanding at 30 September	**–**	–

The phantom restricted shares were awarded on 25 November 2011 and vested on 25 November 2014. These awards were cash-settled.

22 SHARE-BASED PAYMENTS CONTINUED

The fair value of restricted shares awarded in the year was calculated using the Black-Scholes option pricing model, using the following assumptions.

ASSUMPTIONS – RESTRICTED SHARES	2016	2015
Expected volatility	**16.6%**	14.8%
Risk free interest rate	**1.6%**	0.5%
Dividend yield	**2.5%**	2.5%
Expected life	**2.2 years**	1.8 years
Weighted average share price at date of grant	**1,184.40p**	1,064.00p

The weighted average share price at the date of release for restricted share awards released during 2016 was 1,209.19 pence (2015: 1,093.05 pence).

DEFERRED ANNUAL BONUS PLAN

Certain senior executives participate in the Deferred Annual Bonus Plan. Awards made before 30 September 2014 comprised two elements. Payment of a portion of the annual bonus awarded to these executives is deferred for three years. The amount released on expiry of the deferral period may be increased subject to achievement of organic revenue and profit growth. Any amount paid in cash must be immediately reinvested in ordinary shares of the Company which must then be held for a qualifying period.

The second element of the award reflects the growth in the Company's share price over the deferral period assuming that the deferred element of the annual bonus had been invested in ordinary shares of the Company at the start of the deferral period. The fair value of the awards is determined by using the Black-Scholes option pricing model. Any sum payable at the end of the deferral period is paid in cash. The Group has recorded a liability of £0.1 million (2015: £0.8 million) in respect of awards made before 30 September 2013 under this plan.

The terms of the plan were revised in 2014. Payment of a portion of the annual bonus awarded to certain executives is converted into shares. Subject to the achievement of organic revenue growth and either cumulative PBIT or unit profit over the three year deferral period, the number of deferred shares may be increased. Deferred shares are only released to the participants if minimum threshold performance levels are met. A total of 570,678 (2015: 491,588) deferred shares have been awarded which will vest in full if the maximum performance targets are met. 75% of the awards will vest if minimum threshold performance levels are met. Awards vest on a straight line basis between these two points.

The fair value of these awards has been calculated using the Black-Scholes option pricing model, using the following assumptions:

ASSUMPTIONS – DEFERRED ANNUAL BONUS PLAN	2016	2015
Expected volatility	**16.3%**	14.8%
Risk free interest rate	**1.8%**	0.6%
Dividend yield	**2.6%**	2.5%
Expected life	**3.0 years**	3.0 years
Weighted average share price at date of grant	**1,117.00p**	1,060.00p

22 SHARE-BASED PAYMENTS CONTINUED

ACCELERATED GROWTH PLAN

Contingent share awards under this plan have been awarded to the leadership team in certain countries in order to reward and encourage the growth of those businesses. Vesting of these awards is subject to the achievement of local organic revenue growth and cumulative PBIT over the three year period. 50% of the awards will vest if minimum threshold performance levels are met. Awards vest on a straight line basis between these two points.

The fair value of these awards has been calculated using the Black-Scholes option pricing model.

The following table illustrates the movement in the number of awards during the year:

ACCELERATED GROWTH PLAN	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
Outstanding at 1 October	615,614	563,070
Awarded	–	108,494
Lapsed	(17,415)	(55,950)
Outstanding at 30 September	598,199	615,614

LONG TERM BONUS PLAN

Certain executives participating in the Long Term Bonus Plan in prior years received an award of deferred Compass Group PLC shares. The award of bonus shares is subject to performance conditions and matching shares may be released by the Company following the completion of a further period of service. The terms of the Plan require that these shares are purchased in the market, rather than being issued by the Company. The shares are purchased and distributed by the ESOP and LTIPT.

The following table illustrates the movement in the number of awards during the year:

LONG TERM BONUS PLAN	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
Outstanding at 1 October	161,002	277,466
Released	(41,733)	(88,528)
Lapsed	–	(27,936)
Outstanding at 30 September	119,269	161,002

The fair value of bonus shares awarded is calculated using the Black-Scholes option pricing model; however, no new awards were made in either 2016 or 2015.

The weighted average share price at the date of release for share bonus awards released during 2016 was 1,152.34 pence. No awards were released during 2015. The share bonus awards have all vested, although certain executives have elected to defer taking their entitlements for a further period of up to 1.0 years (2015: 1.3 years), the weighted average deferral period being 0.7 years (2015: 1.0 years).

INCOME STATEMENT EXPENSE

The Group recognised an expense of £16 million (2015: £15 million) in respect of equity-settled share-based payment transactions and £nil (2015: £nil) in respect of cash-settled share-based payment transactions.

23 BUSINESS COMBINATIONS

The Group has completed a number of infill acquisitions in several countries for a total consideration of £186 million, of which £155 million was paid in the year. In addition, the Group paid a further £30 million deferred consideration relating to prior years.

Acquisition transaction costs expensed in the year ended 30 September 2016 were £2 million (2015: £2 million).

In the period from acquisition to 30 September 2016, the acquisitions contributed revenue of £129 million and operating profit of £8 million to the Group's results.

If the acquisitions had occurred on 1 October 2015, it is estimated that the combined sales of Group and equity accounted joint ventures for the period would have been £19,947 million and total Group operating profit (including associates) would have been £1,410 million.

24 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS	**2016 £M**	2015 £M
Operating profit from operations	**1,370**	1,222
ADJUSTMENTS FOR:		
Acquisition transaction costs	**2**	2
Amortisation of intangible assets	**179**	147
Amortisation of intangible assets arising on acquisition	**31**	26
Share-based payments expense – non-controlling interest call option	**1**	–
Depreciation of property, plant and equipment	**216**	193
(Profit)/loss on disposal of property, plant and equipment/intangible assets	**(1)**	3
Decrease in provisions	**(19)**	(56)
Decrease in post employment benefit obligations	**(39)**	(59)
Share-based payments – charged to profits	**16**	15
Operating cash flows before movement in working capital	**1,756**	1,493
Increase in inventories	**(13)**	(17)
Increase in receivables	**(93)**	(128)
Increase in payables	**118**	128
Cash generated by operations	**1,768**	1,476

FINANCIAL STATEMENTS

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

This table is presented as additional information to show movement in net debt, defined as overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.

		GROSS DEBT						
NET DEBT	CASH AND CASH EQUIVALENTS £M	BANK OVERDRAFTS £M	BANK AND OTHER BORROWINGS £M	TOTAL OVERDRAFTS AND BORROWINGS £M	FINANCE LEASES £M	DERIVATIVE FINANCIAL INSTRUMENTS £M	TOTAL GROSS DEBT £M	NET DEBT £M
At 1 October 2014	408	(37)	(2,786)	(2,823)	(17)	61	(2,779)	(2,371)
Net decrease in cash and cash equivalents	(103)	–	–	–	–	–	–	(103)
Cash inflow from issue of bonds	–	–	(259)	(259)	–	–	(259)	(259)
Cash outflow from repayment of loan notes	–	–	250	250	–	–	250	250
Cash inflow from other changes in gross debt	–	(21)	(15)	(36)	–	(39)	(75)	(75)
Cash outflow from repayment of obligations under finance leases	–	–	–	–	5	–	5	5
Increase in net debt as a result of new finance leases taken out	–	–	–	–	(2)	–	(2)	(2)
Currency translation (losses)/gains	(22)	(1)	(22)	(23)	1	(2)	(24)	(46)
Other non-cash movements	–	–	(27)	(27)	–	25	(2)	(2)
At 30 September 2015	283	(59)	(2,859)	(2,918)	(13)	45	(2,886)	(2,603)
At 1 October 2015	**283**	**(59)**	**(2,859)**	**(2,918)**	**(13)**	**45**	**(2,886)**	**(2,603)**
Net increase in cash and cash equivalents	**10**	**–**	**–**	**–**	**–**	**–**	**–**	**10**
Cash outflow from repayment of bank loans	**–**	**–**	**195**	**195**	**–**	**–**	**195**	**195**
Cash outflow from repayment of loan notes	**–**	**–**	**114**	**114**	**–**	**–**	**114**	**114**
Cash inflow/(outflow) from other changes in gross debt	**–**	**42**	**(378)**	**(336)**	**–**	**142**	**(194)**	**(194)**
Cash outflow from repayment of obligations under finance leases	**–**	**–**	**–**	**–**	**3**	**–**	**3**	**3**
Increase in net debt as a result of new finance leases taken out	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**	**(2)**
Currency translation gains/(losses)	**53**	**(10)**	**(402)**	**(412)**	**(2)**	**(34)**	**(448)**	**(395)**
Other non-cash movements	**–**	**–**	**(25)**	**(25)**	**–**	**23**	**(2)**	**(2)**
At 30 September 2016	**346**	**(27)**	**(3,355)**	**(3,382)**	**(14)**	**176**	**(3,220)**	**(2,874)**

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT CONTINUED

Other non-cash movements are comprised as follows:

OTHER NON-CASH MOVEMENTS IN NET DEBT	2016 £M	2015 £M
Amortisation of fees and discount on issuance	(1)	(1)
Changes in the fair value of bank and other borrowings in a designated fair value hedge	(24)	(26)
Bank and other borrowings	(25)	(27)
Changes in the value of derivative financial instruments including accrued income	23	25
Other non-cash movements	(2)	(2)

26 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2016 £M	2015 £M
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	366	349

1. Excludes bonds, guarantees and indemnities in respect of self-insurance liabilities, post employment obligations and borrowings (including finance and operating leases) recorded on the balance sheet or disclosed in note 28.

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES

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, the Company 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.

27 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2016 £M	2015 £M
Contracted for but not provided for	328	230

The majority of capital commitments are for intangible assets.

28 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. The Group has some leases that include revenue related rental payments that are contingent on future levels of revenue.

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

	2016			2015		
	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	59	68	74	51	52	51
Falling due between 1 and 5 years	154	114	117	136	75	84
Falling due in more than 5 years	108	14	69	72	9	55
Total	321	196	260	259	136	190

29 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties of Compass Group PLC:

SUBSIDIARIES

Transactions between the ultimate Parent Company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

JOINT VENTURE

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

ASSOCIATES

The balances with associated undertakings are shown in notes 13 and 18. There were no significant 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.

30 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

31 EXCHANGE RATES

	2016	2015
AVERAGE EXCHANGE RATE FOR THE YEAR[1]		
Australian Dollar	**1.94**	1.98
Brazilian Real	**5.19**	4.66
Canadian Dollar	**1.88**	1.90
Euro	**1.28**	1.35
Japanese Yen	**159.94**	184.31
Norwegian Krone	**12.01**	11.82
South African Rand	**20.88**	18.60
Swedish Krona	**12.00**	12.58
Swiss Franc	**1.40**	1.48
Turkish Lira	**4.16**	3.96
UAE Dirham	**5.22**	5.69
US Dollar	**1.42**	1.55
CLOSING EXCHANGE RATE AS AT 30 SEPTEMBER[1]		
Australian Dollar	**1.70**	2.16
Brazilian Real	**4.22**	6.03
Canadian Dollar	**1.71**	2.03
Euro	**1.16**	1.36
Japanese Yen	**131.54**	181.42
Norwegian Krone	**10.38**	12.92
South African Rand	**17.86**	20.94
Swedish Krona	**11.13**	12.70
Swiss Franc	**1.26**	1.48
Turkish Lira	**3.90**	4.59
UAE Dirham	**4.77**	5.56
US Dollar	**1.30**	1.51

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.

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC

All companies listed below are owned by the Group and all interests are in ordinary share capital, except where otherwise indicated. All subsidiaries have been consolidated. All companies operate principally in their country of incorporation.

PRINCIPAL SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING	PRINCIPAL ACTIVITIES
Compass Group (Australia) Pty Limited	Australia	100	Food and support services
GRSA Serviços e Alimentação Ltda	Brazil	100	Food and support services
Compass Group Canada Ltd. Groupe Compass Canada Ltée (iii) (iv) (v) (vi)	Canada	100	Food and support services
Compass Group France Holdings SAS	France	100	Holding company
Compass Group France SAS	France	100	Food and support services
Compass Group Deutschland GmbH	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
Compass Group Italia S.P.A.	Italy	100	Food service, support services and prepaid meal vouchers
Seiyo Food-Compass Group, Inc.	Japan	100	Food and support services
Compass Group International BV	Netherlands	100	Holding company
Compass Group Nederland BV	Netherlands	100	Food and support services
Compass Group Nederland Holding BV	Netherlands	100	Holding company
Eurest Services BV	Netherlands	100	Food and support services
Compass Group Southern Africa (Pty) Ltd (iii) (viii)	South Africa	75	Food and support services
Supercare Services Group (Proprietary) Limited	South Africa	75	Support services
Compass Group Holdings Spain, S.L.	Spain	100	Holding company
Eurest Colectividades S.L.	Spain	100	Food and support services
Compass Group (Schweiz) AG	Switzerland	100	Food and support services
Restorama AG	Switzerland	100	Food service
Sofra Yemek Űretim Ve Hizmet A.S. (iii)	Turkey	100	Food and support services
Compass Contract Services (U.K.) Limited	United Kingdom	100	Food and support services
Compass Group Holdings PLC (i) (iii)	United Kingdom	100	Holding company and corporate activities
Compass Group, UK & Ireland Limited	United Kingdom	100	Holding company
Compass Group Procurement Limited	United Kingdom	100	Purchasing services throughout the world
Compass Purchasing Limited	United Kingdom	100	Purchasing services in the UK and Ireland
Compass Services (U.K.) Limited	United Kingdom	100	Food and support services
Hospitality Holdings Limited (i)	United Kingdom	100	Intermediate holding company
Letheby & Christopher Limited	United Kingdom	100	Food service for the UK sports and events market
Scolarest Limited	United Kingdom	100	Food service for the UK education market
VSG Group Limited (ii)	United Kingdom	100	Security and support services
Bon Appétit Management Co. (viii)	USA	100	Food service
Compass Group USA Investments Inc.	USA	100	Holding company
Compass Group USA, Inc. (viii)	USA	100	Food and support services
Crothall Services Group	USA	100	Support services to the healthcare market
Flik International Corp.	USA	100	Fine dining facilities
Foodbuy, LLC	USA	100	Purchasing services in North America
Levy Restaurants LP	USA	100	Fine dining and food service at sports and entertainment facilities
Morrison Management Specialists, Inc.	USA	100	Food service to the healthcare and senior living market
Restaurant Associates Corp.	USA	100	Fine dining facilities
Wolfgang Puck Catering and Events, LLC	USA	90	Fine dining facilities

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Eurest Algerie SPA (ii)	Algeria	100
Servicios Compass de Argentina S.A.	Argentina	100
Compass Australia PTY Ltd (ii)	Australia	100
Compass (Australia) Catering & Services PTY Ltd	Australia	100
Compass Group B&I Hospitality Services PTY Ltd	Australia	100
Compass Group Defence Hospitality Services PTY Ltd	Australia	100
Compass Group Education Hospitality Services PTY Ltd	Australia	100
Compass Group Healthcare Hospitality Services PTY Ltd	Australia	100
Compass Group Management Services PTY Ltd	Australia	100
Compass Group Relief Hospitality Services PTY Ltd	Australia	100
Compass Group Remote Hospitality Services PTY Ltd	Australia	100
Delta Facilities Management PTY Ltd	Australia	100
Delta FM Australia PTY Ltd	Australia	100
Delta Force Personnel Pty Ltd	Australia	100
Compass Group Retail Services Pty Ltd	Australia	100
Eurest (Australia) Food Servides – NSW Pty Ltd	Australia	100
Eurest (Australia) Food Services – Wollongong PTY Ltd	Australia	100
Eurest (Australia) Food Services PTY Ltd	Australia	100
Eurest (Australia) Licence Holdings PTY Ltd	Australia	100
Eurest (Australia) PTY Ltd	Australia	100
Eurest (Australia) – Victoria PTY Ltd	Australia	100
Heritage Catering & Services PTY Ltd	Australia	100
LAPG Education PTY Ltd	Australia	100
LAPG PTY Ltd	Australia	100
Life's A Party Group PTY Ltd	Australia	100
Life's A Party PTY Ltd	Australia	100
MBM Integrated Services Pty (ii)	Australia	100
Omega Security Services PTY Ltd	Australia	100
Restaurant Associates (Australia) PTY Ltd	Australia	100
Sargem PTY Ltd	Australia	100
Compass Group Austria Holdings One GmbH (xii)	Austria	100
Compass Group Austria Holdings Two GmbH (xii)	Austria	100
Eurest Restaurationbetriebs GmbH (xii)	Austria	100
Kunz Gebäudereinigung GmbH (xii)	Austria	100
Select Service Partner Gastronomiebetrieb GmbH (ii)	Austria	100
C.A.P.S. (Bangladesh) Limited (ii)	Bangladesh	100
Compass Group Belgilux S.A.	Belgium	100
Compass Group Service Solutions S.A.	Belgium	100
F.L.R. Holding S.A.	Belgium	100
Clean Mall Serviços Ltda	Brazil	100
GRA Serviços LTDA	Brazil	100
Compass Group Holdings (BVI) Limited	British Virgin Islands	100
Compass Group (Cambodia) Co Ltd (ii)	Cambodia	100
Eurest Cameroun SARL (ii)	Cameroon	100
Eurest Camp Logistics Cameroun SARL (ii)	Cameroon	100
2529541 Ontario Inc.	Canada	100
Canteen of Canada Ltd	Canada	100
Compass Canada Support Services Ltd (iii) (iv) (v) (vi)	Canada	100
Compass Group Ontario Ltd	Canada	100
Crothall Services Canada Inc (iii) (iv)	Canada	100
East Coast Catering (NS) Limited	Canada	100
East Coast Catering Limited (iii) (iv) (viii)	Canada	100
Great West Catering Ltd	Canada	100
Groupe Compass (Québec) Ltée (iii) (iv) (v) (vi)	Canada	100
Long Harbour Catering LP (xi)	Canada	100
Long Harbour Catering Ltd	Canada	100
Tamarack Catering Ltd	Canada	100
Town Square Food Services Ltd	Canada	100
Heriot Limited (ii)	Cayman Islands	100
Cadelsur SA	Chile	100

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Compass Catering SA	Chile	100
Compass Catering y Servicios Chile Limitada	Chile	100
Compass Servicios SA	Chile	100
Scolarest SA	Chile	100
Compass (China) Management Services Co., Ltd	China	100
Shanghai Eurest Food Technologies Service Co., Ltd.	China	100
Compass Group Services Colombia S.A.	Colombia	100
Eurest Services Congo SARL (ii)	Congo	100
ESS Design & Build Ltd (ii)	Cyprus	100
Eurest (Cyprus) Ltd (ii)	Cyprus	100
Eurest Support Services (Cyprus) International Ltd	Cyprus	100
Eurest, spol. s.r.o	Czech Republic	100
Scolarest-Zařízení Školního Stravování spol. s.r.o	Czech Republic	100
Compass Group Danmark A/S	Denmark	100
Compass Group Finland OY	Finland	100
7000 Set Meal SAS	France	100
Academie Formation Groupe Compass SAS	France	100
Caterine Restauration SAS	France	100
Compass Food Trucks France SAS	France	100
Centrale Restauration Martel SAS	France	100
Culinaire Des Pays de L'Adour SAS	France	100
Eurest International SNC	France	100
Eurest Sports & Loisirs SAS	France	100
Evhrest SAS	France	100
Levy Restaurants France SAS	France	100
Mediance SAS	France	100
Memonett SAS	France	100
Occitanie Restauration SAS	France	100
Oceane de Restauration SAS	France	100
Servirest SAS	France	100
SHRM Angola SA (ii)	France	100
Société De Prestations En Gestion Immobiliere SAS	France	100
Société International D'Assistance SA (ii)	France	100
Société Nouvelle Lecocq SAS	France	100
Sogirest SAS	France	100
Sud Est Traiteur SAS	France	100
Eurest Support Services Gabon SA (ii)	Gabon	100
Eurest Bremen GmbH	Germany	100
Eurest Sűd GmbH	Germany	100
Eurest West GmbH & Co. KG	Germany	100
LPS Event Gastronomie GmbH	Germany	100
Menke Menue GmbH	Germany	100
M.S.G. Frucht GmbH	Germany	100
Orgamed Betriebsgesellschaft fűr Zentralsterilisationen GmbH	Germany	100
Plural Gebäudemanagement GmbH	Germany	100
Plural Personalservice GmbH	Germany	100
Plural Servicepool GmbH	Germany	100
SB Verwaltungs GmbH (ii)	Germany	100
Compass Group Finance Ltd	Guernsey	100
Compass Group Hong Kong Ltd	Hong Kong	100
Encore Catering Ltd	Hong Kong	100
Shing Hin Catering Group Ltd	Hong Kong	100
Eurest Étteremüzemeltető Korlátolt Felelősségű Társaság (ii)	Hungary	100
Compass Group (India) Support Services Pvt Ltd	India	100
Compass India Support Services Private Limited	India	100
Amstel Limited (ii)	Ireland	100
Catering Management Ireland Ltd (ii)	Ireland	100
Cheyenne Ltd (ii)	Ireland	100

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Compass Catering Services Ireland Ltd	Ireland	100
Drumburgh Ltd (ii)	Ireland	100
Management Catering Services Ltd	Ireland	100
National Catering Ltd (ii)	Ireland	100
Rushmore Investment Company Ltd (ii) (viii)	Ireland	100
Sutcliffe Ireland Ltd (ii)	Ireland	100
Zadca Ltd (ii)	Ireland	100
Consolidated Services Ltd	Isle of Man	100
Queens Wharf Insurance Services Ltd (viii)	Isle of Man	100
Eishoku-Medix, Inc.	Japan	100
Eurest Japan, Inc.	Japan	100
Fuyo Inc	Japan	100
Marunouchi Polestar Co., Ltd	Japan	100
MFS, Inc.	Japan	100
Nihon Kyushoku Service, Inc.	Japan	100
Seiyo Food-Compass Group Holdings, Inc.	Japan	100
Sun Food, Inc.	Japan	100
Malakand Unlimited	Jersey	100
Too ESS Support Services LLP	Kazakhstan	100
Too Eurest Support Services Kazakhstan LLP	Kazakhstan	100
Kenya Oilfield Services Ltd (ii)	Kenya	100
Automat' Services SARL	Luxembourg	100
Eurest Luxembourg SA	Luxembourg	100
IMMO Capellen SA	Luxembourg	100
Innoclean SA	Luxembourg	100
Novelia Senior Services SA	Luxembourg	100
Compass Group Malaysia Sdn Bhd	Malaysia	100
S.H.R.M. Sdn Bhd (ii)	Malaysia	100
Compass Group Mauritius Ltd	Mauritius	100
Eurest Proper Meals de Mexico S.A. de C.V. (iii) (iv)	Mexico	100
Eurest S.A. de C.V. (iii) (iv)	Mexico	100
Food Works of Mexico, S. de R.L. de C.V. (ii) (iii) (iv)	Mexico	100
Food Works Services of Mexico, S. de R.L. De C.V. (ii) (iii) (iv)	Mexico	100
Servicios Corporativos Eurest-Proper Meals de Mexico S.A. De C.V. (iii) (iv)	Mexico	100
Aurora Holdco B.V.	Netherlands	100
CGI Holdings (2) B.V.	Netherlands	100
Compass Group Holding B.V. (ii)	Netherlands	100
Compass Group International 10 B.V. (ii)	Netherlands	100
Compass Group International 2 B.V.	Netherlands	100
Compass Group International 3 B.V.	Netherlands	100
Compass Group International 4 B.V.	Netherlands	100
Compass Group International 5 B.V.	Netherlands	100
Compass Group International 6 B.V. (ii)	Netherlands	100
Compass Group International 9 B.V.	Netherlands	100
Compass Group International ESS Shanghai B.V.	Netherlands	100
Compass Group International Finance 1 B.V.	Netherlands	100
Compass Group International Finance 2 B.V.	Netherlands	100
Compass Group Shanghai Eurest B.V. (ii)	Netherlands	100
Compass Group Vending Holding B.V.	Netherlands	100
Compass Hotels Chertsey B.V.	Netherlands	100
Eurest Support Services (ESS) B.V.	Netherlands	100
Eurest Support Services Sakhalin B.V. (ii)	Netherlands	100
Famous Flavours B.V.	Netherlands	100
Stichting Forte International	Netherlands	100
Xandrion B.V.	Netherlands	100
Eurest Caledonie SARL (ii)	New Caledonia	100
Compass Group New Zealand Ltd	New Zealand	100
Crothall Services Group Ltd (ii)	New Zealand	100
Eurest NZ Ltd (ii)	New Zealand	100

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Compass Holding Norge A/S	Norway	100
ESS Mobile Offshore Units A/S	Norway	100
ESS Support Services A/S	Norway	100
Eurest A/S	Norway	100
Eurest (PNG) Catering & Services Ltd (ii)	Papua New Guinea	100
Compass Group Philippines Inc (ii)	Philippines	100
Eurest Poland Sp. z.o.o.	Poland	100
Eurest (Portugal) – Sociedade Europeia de Restaurantes, Lda	Portugal	100
Eurest Catering & Services Group Portugal, Restaurantes Lda	Portugal	100
Eurest Holding, SGPS, Unipessoal Lda	Portugal	100
Eurest ROM SRL	Romania	100
Aurora Rusco OOO	Russia	100
Compass Group Rus OOO	Russia	100
Compass Group (Singapore) PTE Ltd (iii) (iv)	Singapore	100
Compass Group Asia Pacific PTE Ltd	Singapore	100
Consolidated Service (SE Asia) PTE Ltd	Singapore	100
SHRM Far East Pte Ltd (ii)	Singapore	100
Eurest spol. s.r.o	Slovakia	100
Firhold (Proprietary) Ltd (ii)	South Africa	100
Makhugiso Investments (Proprietary) Ltd (viii)	South Africa	100
Asistentes Escolares, S.L.	Spain	100
Eurest Catalunya, S.L.U.	Spain	100
Eurest Club de Campo, S.L.U.	Spain	100
Eurest Euskadi S.L.U.	Spain	100
Eurest Servicios Feriales, S.L.U.	Spain	100
Levy-Compass Group Holdings S.L.	Spain	100
Medirest Social Residencias, S.L.U.	Spain	100
Compass Group AB	Sweden	100
Compass Group Sweden AB	Sweden	100
Creative New Food Dream Steam GmbH	Switzerland	100
Eurest Services (Switzerland) AG	Switzerland	100
Sevita AG	Switzerland	100
Sevita Group AG	Switzerland	100
Compass Group Services Co., Ltd (viii)	Thailand	100
Eurasia Holdings Co., Ltd	Thailand	100
Eurasia Services Co., Ltd	Thailand	100
Eurasia Management (Thailand) Co., Ltd	Thailand	100
Euroserve Gűvenlik A.ş.	Turkey	100
Euroserve Hizmet ve işletmecilik A.ş.	Turkey	100
Compass Camea FZE	UAE	100
14Forty Limited (ii)	United Kingdom	100
3 Gates Services Limited (ii)	United Kingdom	100
A.C.M.S. Limited (x)	United Kingdom	100
Audrey (London) Limited (ii)	United Kingdom	100
Audrey Investments Limited (ii)	United Kingdom	100
Bateman Catering Limited (ii) (vii)	United Kingdom	100
Bateman Healthcare Services Limited (ii)	United Kingdom	100
Bateman Services Limited (ii)	United Kingdom	100
Baxter and Platts Limited (iii) (iv) (v) (x)	United Kingdom	100
Bromwich Catering Limited (ii)	United Kingdom	100
Business Clean Limited (ii)	United Kingdom	100
Capitol Catering Management Services Limited (x)	United Kingdom	100
Carlton Catering Partnership Limited (ii) (iii) (x)	United Kingdom	100
Castle Independent Limited (x)	United Kingdom	100
Cataforce Limited (ii)	United Kingdom	100
Caterexchange Limited (ii)	United Kingdom	100
Caterskill Group Limited (ii)	United Kingdom	100
Caterskill Management Limited (ii)	United Kingdom	100

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
CCG (UK) Ltd (ii) (x)	United Kingdom	100
Chalk Catering Ltd (ii)	United Kingdom	100
Chartwells Limited (ii)	United Kingdom	100
Circadia Limited (ii)	United Kingdom	100
Cleaning Support Services Limited (ii)	United Kingdom	100
Coffee Partners Limited (ii) (x)	United Kingdom	100
Compass Accounting Services Limited (ii)	United Kingdom	100
Compass Catering Services Limited (ii)	United Kingdom	100
Compass Cleaning Services Limited (ii) (viii)	United Kingdom	100
Compass Contract Services Limited (ii)	United Kingdom	100
Compass Contracts UK Limited (ii) (viii)	United Kingdom	100
Compass Experience Limited (ii) (vii)	United Kingdom	100
Compass Food Services Limited (ii)	United Kingdom	100
Compass Group Capital 1 (ii)	United Kingdom	100
Compass Group Capital 2 (ii)	United Kingdom	100
Compass Group Capital 3 (ii)	United Kingdom	100
Compass Group Capital 4 (ii)	United Kingdom	100
Compass Group Capital 5 (ii)	United Kingdom	100
Compass Group Capital 6 (ii)	United Kingdom	100
Compass Group Capital 7 (ii)	United Kingdom	100
Compass Group Capital 8 (ii)	United Kingdom	100
Compass Group Capital 9 (ii)	United Kingdom	100
Compass Group Capital 10 (ii)	United Kingdom	100
Compass Group Capital 11 (ii)	United Kingdom	100
Compass Group Capital 12 (ii)	United Kingdom	100
Compass Group Capital 13 (ii)	United Kingdom	100
Compass Group Capital 14 (ii)	United Kingdom	100
Compass Group Capital 15 (ii)	United Kingdom	100
Compass Group Capital 16 (ii)	United Kingdom	100
Compass Group Finance No.2 Limited (i)	United Kingdom	100
Compass Group Finance No.3 Limited	United Kingdom	100
Compass Group Finance No.4 Limited (i) (iii) (iv) (viii)	United Kingdom	100
Compass Group Finance No.5 Limited (xii)	United Kingdom	100
Compass Group Medical Benefits Limited (ii)	United Kingdom	100
Compass Group North America Investments No.2	United Kingdom	100
Compass Group North America Investments Limited	United Kingdom	100
Compass Group Pension Trustee Company Limited (ii)	United Kingdom	100
Compass Group Trustees Limited (ii)	United Kingdom	100
Compass Healthcare Group Limited (ii) (viii)	United Kingdom	100
Compass Hospitality Group Holdings Limited (ii)	United Kingdom	100
Compass Hospitality Group Limited (ii)	United Kingdom	100
Compass Hotels Chertsey (iii)	United Kingdom	100
Compass Mobile Catering Limited (ii)	United Kingdom	100
Compass Nominee Company Number Fourteen Limited (ii)	United Kingdom	100
Compass Office Cleaning Services Limited (ii)	United Kingdom	100
Compass Offshore Catering Limited (ii) (viii)	United Kingdom	100
Compass Overseas Holdings Limited	United Kingdom	100
Compass Overseas Holdings No.2 Limited	United Kingdom	100
Compass Overseas Services Limited (ii)	United Kingdom	100
Compass Payroll Services Limited (ii)	United Kingdom	100
Compass Pension Trustees Limited (ii)	United Kingdom	100
Compass Planning and Design Limited (ii)	United Kingdom	100
Compass Quest Limited (ii)	United Kingdom	100
Compass Restaurant Properties Limited (ii) (vii)	United Kingdom	100
Compass Road Services Limited (ii)	United Kingdom	100
Compass Scottish Site Services Limited (ii)	United Kingdom	100
Compass Secretaries Limited (ii)	United Kingdom	100
Compass Security Limited (ii) (vii)	United Kingdom	100
Compass Services (Midlands) Limited (ii)	United Kingdom	100

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Compass Services for Hospitals Limited (ii) (viii)	United Kingdom	100
Compass Services Group Limited (ii)	United Kingdom	100
Compass Services Limited (ii)	United Kingdom	100
Compass Services Trading Limited (ii)	United Kingdom	100
Compass Services, UK and Ireland Limited (x)	United Kingdom	100
Compass Site Services Limited (ii) (vii)	United Kingdom	100
Compass Staff Services Limited (ii)	United Kingdom	100
Compass UK Pension Trustee Co Limited (ii)	United Kingdom	100
Cookie Jar Limited (ii)	United Kingdom	100
CRBS Resourcing Limited	United Kingdom	100
Crisp Trustees Limited (ii)	United Kingdom	100
CRN 1990 (Four) Limited (ii)	United Kingdom	100
Customised Contract Catering Limited (ii) (x)	United Kingdom	100
Cygnet Food Holdings Limited (ii)	United Kingdom	100
Cygnet Foods Limited	United Kingdom	100
DRE Developments Limited (ii)	United Kingdom	100
Eaton Catering Limited (ii)	United Kingdom	100
Eaton Wine Bars Limited (ii)	United Kingdom	100
Eurest Airport Services Limited (ii)	United Kingdom	100
Eurest Defence Support Services Limited (ii)	United Kingdom	100
Eurest Offshore Support Services Limited (ii) (viii)	United Kingdom	100
Eurest Prison Support Services Limited (ii)	United Kingdom	100
Eurest UK Limited (ii)	United Kingdom	100
Everson Hewett Limited (iii) (iv) (x)	United Kingdom	100
Facilities Management Catering Limited	United Kingdom	100
FADS Catering Limited (ii)	United Kingdom	100
Fairfield Catering Company Limited (ii)	United Kingdom	100
Fingerprint Managed Services Limited (ii)	United Kingdom	100
Foodbury Europe Limited (iii) (iv)	United Kingdom	100
Funpark Caterers Limited	United Kingdom	100
Gogmore	United Kingdom	100
Goodfellows Catering Management Services Limited (x)	United Kingdom	100
Gruppo Events Limited (ii) (x)	United Kingdom	100
Hallmark Catering Management Limited (ii) (x)	United Kingdom	100
Hamard Catering Management Services Limited (ii) (vii)	United Kingdom	100
Hamard Group Limited (ii)	United Kingdom	100
Henry Higgins Limited (ii)	United Kingdom	100
Hospital Hygiene Services Limited (ii)	United Kingdom	100
ICM Five Star Limited (ii)	United Kingdom	100
Integrated Cleaning Management Limited	United Kingdom	100
Integrated Cleaning Management Support Services Limited	United Kingdom	100
Keith Prowse Limited (ii)	United Kingdom	100
Kennedy Brookes Finance Limited (ii)	United Kingdom	100
Knott Hotels Company of London (ii)	United Kingdom	100
Langston Scott Limited (ii)	United Kingdom	100
Leisure Support Services Limited (iii) (iv) (x)	United Kingdom	100
Leith's Limited (ii)	United Kingdom	100
Lough Erne Holiday Village Limited (ii)	United Kingdom	100
Meal Service Company Limited (ii)	United Kingdom	100
Meritglen Limited (vii) (viii)	United Kingdom	100
Milburns Catering Contracts Limited (ii)	United Kingdom	100
Milburns Limited (ii)	United Kingdom	100
Milburns Restaurants Limited (ii)	United Kingdom	100
National Leisure Catering Limited (ii)	United Kingdom	100
New Famous Foods Limited (ii)	United Kingdom	100
Nextonline Limited	United Kingdom	100
NLC (Holdings) Limited (ii)	United Kingdom	100
NLC (Wembley) Limited (ii)	United Kingdom	100
P&C Morris (Catering) Ltd (ii) (vii)	United Kingdom	100

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
P&C Morris Catering Group Limited (x)	United Kingdom	100
Payne & Gunter Limited (x)	United Kingdom	100
PDM Training and Compliance Services Limited (ii)	United Kingdom	100
Pennine Services Limited (ii)	United Kingdom	100
Peter Parfitt Leisure Overseas Tavel Limited	United Kingdom	100
Peter Parfitt Sport Limited (ii) (vii) (x)	United Kingdom	100
PPP Infrastructure Management Limited	United Kingdom	100
Prideoak Limited (ii)	United Kingdom	100
QCL Limited (ii) (x)	United Kingdom	100
Quaglino's Limited	United Kingdom	100
Reliable Refreshments Limited (ii)	United Kingdom	100
Rhine Four Limited (ii) (vii)	United Kingdom	100
Riversdell	United Kingdom	100
Roux Fine Dining Limited (ii)	United Kingdom	100
Security Office Cleaners Limited (ii)	United Kingdom	100
Selkirk House (CVH) Limited (ii) (iii) (iv) (v)	United Kingdom	100
Selkirk House (FP) Limited (ii) (viii)	United Kingdom	100
Selkirk House (GHPL) Limited (ii)	United Kingdom	100
Selkirk House (GTP) Limited (ii)	United Kingdom	100
Selkirk House (WBRK) Limited (ii)	United Kingdom	100
Sevita (UK) Limited	United Kingdom	100
Shaw Catering Company Limited (x)	United Kingdom	100
Ski Class Limited (ii)	United Kingdom	100
Solutions on Systems Ltd (ii)	United Kingdom	100
Summit Catering Limited (x)	United Kingdom	100
Sunway Contract Services Limited (x)	United Kingdom	100
Sutcliffe Catering Midlands Limited (ii)	United Kingdom	100
Sutcliffe Catering South East Limited (ii)	United Kingdom	100
Sycamore Newco Limited (ii) (viii)	United Kingdom	100
The Bateman Catering Organization Limited (ii)	United Kingdom	100
The Cuisine Centre Limited (ii) (x)	United Kingdom	100
The Excelsior Insurance Company Limited	United Kingdom	100
THF Oil Limited (ii)	United Kingdom	100
Tunco (1999) 103 Limited (ii)	United Kingdom	100
Vendepac Holdings Limited (ii) (viii)	United Kingdom	100
Vision Security Group Limited	United Kingdom	100
Vision Security Group Systems Limited	United Kingdom	100
VSG Holdings Limited (ii)	United Kingdom	100
VSG Investments Limited (ii)	United Kingdom	100
VSG Payroll Services Limited (ii)	United Kingdom	100
VSG Staff Hire Limited (ii)	United Kingdom	100
VSG Systems Direct Limited (ii)	United Kingdom	100
Waseley (CVI) Limited (ii)	United Kingdom	100
Waseley (CVS) Limited (ii)	United Kingdom	100
Waseley Fifteen Limited (ii)	United Kingdom	100
Waseley Nominees Limited (ii)	United Kingdom	100
Wembley Sports Arena Limited (ii)	United Kingdom	100
Wheeler's Restaurants Limited (ii) (vii)	United Kingdom	100
Woodin & Johns Limited (x)	United Kingdom	100
Ace Foods, Inc.	USA	100
Affiliated Purchasing Services, Inc. (ii)	USA	100
Bamco Restaurants of Texas LLC	USA	100
Best Vendors Consolidation Services, LLC	USA	100
Best Vendors Management Company, Inc.	USA	100
Best Vendors Management, Inc.	USA	100
Best Vendors, LLC	USA	100
Bistro Restaurant Limited Partnership	USA	100
Bon Appétit Management Company Foundation	USA	100
Bon Appétit Maryland, LLC	USA	100
Cataforce, Inc.	USA	100

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
CGSC Capital, Inc.	USA	100
Coastal Food Service, Inc.	USA	100
Coffee Distributing Corp.	USA	100
Compass 2K12 Services, LLC	USA	100
Compass HE Services, LLC	USA	100
Compass Independent Corp.	USA	100
Compass LCS, LLC	USA	100
Compass LV, LLC	USA	100
Compass One, LLC	USA	100
Compass Paramount, LLC	USA	100
Compass Two, LLC	USA	100
Compass Vermont, Inc.	USA	100
Concierge Consulting Services, LLC	USA	100
Convenience Foods International, Inc.	USA	100
Crothall Facilities Management, Inc.	USA	100
Crothall Healthcare Inc.	USA	100
Crothall Laundry Services Inc.	USA	100
CulinArt Group Inc.	USA	100
CulinArt, Inc.	USA	100
CulinArt of California,Inc.	USA	100
Curiology, LLC	USA	100
Custom Management Corporation Of Pennsylvania (ii)	USA	100
Cuyahoga Dining Services, Inc.	USA	100
E15, LLC	USA	100
Eurest Services, Inc.	USA	100
Facilities Holdings, LLC	USA	100
Flik Lifestyles, LLC	USA	100
Flik One, LLC	USA	100
Food Services Management By Mgr, LLC	USA	100
Gourmet Dining, LLC	USA	100
Inter Pacific Management, Inc.	USA	100
Levy (Events) Limited Partnership	USA	100
Levy (IP) Limited Partnership (ii)	USA	100
Levy Food Service Limited Partnership	USA	100
Levy GP Corporation	USA	100
Levy Holdings GP, Inc.	USA	100
Levy Illinois Limited Partnership	USA	100
Levy Oklahoma, Inc.	USA	100
Levy Premium Foodservice Limited Partnership	USA	100
Levy Premium Foodservice, Inc. (ii)	USA	100
Levy Premium Foodservice, LLC	USA	100
Levy Prom Golf, LLC	USA	100
Levy R & H Limited Partnership	USA	100
Levy Retail, LLC	USA	100
Levy Sports & Entertainment, Inc.	USA	100
Levy World Limited Partnership	USA	100
Morrison Alumni Association, Inc.	USA	100
Morrison Investment Company, Inc.	USA	100
Morrison's Custom Management Corporation of Pennsylvania (ii)	USA	100
Morrison's Health Care of Texas, Inc. (ii)	USA	100
Newport Food Service, Inc.	USA	100
PFM Kansas, Inc.	USA	100
Prodine, Inc.	USA	100
Professional Sports Catering, LLC	USA	100
Quality Food Management, Inc.	USA	100
RAC Holdings Corp.	USA	100
Rainbow Vending, Inc.	USA	100
RA Tennis Corp	USA	100
Ranyst, Inc.	USA	100

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	COUNTRY OF INCORPORATION	% HOLDING
Restaurant Associates Events Corp.	USA	100
Restaurant Associates LLC	USA	100
Restaurant Associates, Inc.	USA	100
Restaurant One Limited Partnership	USA	100
Restaurant Services Inc	USA	100
Sacco Dining Services, Inc.	USA	100
S.H.R.M. Catering Services, Inc.	USA	100
Southeast Service Corporation	USA	100
Statewide Services, Inc.	USA	100
Street Eats Limited	USA	100
Superior Limited Partnership	USA	100
The M-Power Foundation, Inc.	USA	100
Touchpoint Support Services, LLC	USA	100
University Food Services, Inc.	USA	100
University Food Services, LLC	USA	100
Vendlink, LLC	USA	100
Visinity, LLC	USA	100
Williamson Hospitality Services, Inc.	USA	100
Yorkmont Four, Inc.	USA	100

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
Express Support Services, Limitada	Angola	49
ESS Eastern Guruma PTY Ltd	Australia	60
ESS Gumala PTY Ltd	Australia	60
ESS Kokatha PTY Ltd (ii)	Australia	60
ESS NYFL PTY Ltd	Australia	60
ESS Thalanyji PTY Ltd	Australia	60
ESS Larrakia PTY Ltd	Australia	50
Convention Centre Management PTY Ltd	Australia	40
ESS-AZ LLC	Azerbaijan	50
Compass Botswana (PTY) Ltd	Botswana	45
Compass Group Sports and Entertainment (xi)	Canada	67
ECC – ESS Support Services (xi)	Canada	50
2265668 Ontario Limited (iv)	Canada	49
ECC – Mi'kmaq Support Services (xi)	Canada	49
Popular Point Camp Services (xi)	Canada	49
Amik Catering LP (xi)	Canada	49
Clearwater Catering Limited (vi)	Canada	49
Dene West Limited Partnership (xi)	Canada	49
ESS – DNDC Support Services (xi)	Canada	49
ESS – Duncan's and Paddle Prairie Support Services (xi)	Canada	49
ESS – East Arm Camp Services (xi)	Canada	49
ESS – Kaatodh Camp Services (xi)	Canada	49
ESS – Loon River Support Services (xi)	Canada	49
ESS – Na Cho Nyak Dun Camp Services (xi)	Canada	49
ESS – Ochapowace Support Services (xi)	Canada	49
ESS – Pessamit Camp Services (xi)	Canada	49
ESS – Wapan Manawan Services de Soutien (xi)	Canada	49
ESS/Dease River Development Corporation (xi)	Canada	49
ESS Duncan's Support Services (xi)	Canada	49
ESS Haisla Support Services (xi)	Canada	49
ESS HLFN Support Services (xi)	Canada	49
ESS KNRA Support Services (xi)	Canada	49
ESS Komatik Support Services (xi)	Canada	49
ESS Liard First Nation Support Services (xi)	Canada	49
ESS McKenzie Support Services (xi)	Canada	49
ESS Okanagan Indian Band Support Services (xi)	Canada	49
ESS Tataskweyak Camp Services (xi)	Canada	49
ESS/Bushmaster Camp Services (xi)	Canada	49
ESS/Fort a la Corne Support Services (xi)	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 (xi)	Canada	49
ESS/Takla Lake Support Services (xi)	Canada	49
ESS/WEDC Support Services (xi)	Canada	49
First North Catering (xi)	Canada	49
Labrador Catering Inc	Canada	49
Labrador Catering LP (xi)	Canada	49
Naskapi Catering Inc (iii)	Canada	24
Naskapi Catering Inc LP (xi)	Canada	24
Shanghai ESS Support Services Co Ltd (ii)	China	83
PF Eurest Føroyar	Denmark	51
Compass Egypt for Hotel & Food Services	Egypt	50
Sopregim SAS	France	80
Akzente Catering Offenburg GmbH	Germany	74
Klinik Gastronomie Eppendorf GmbH	Germany	49
HSW Hausirtschaftsdienste Sűd-West GmbH	Germany	49
Lubinis – orgaMed Steriglut GmbH	Germany	49
Chiyoda Kyushoku Services Co., Ltd	Japan	90
Seiyo General Food Co., Ltd	Japan	50
KazMunaiGas Service – Compass LLP	Kazakhstan	60
Too Eurest Support Services Company B LLP	Kazakhstan	50
Compass Lesotho (PTY) Ltd	Lesotho	75
Geria SA	Luxembourg	25
Compass Group (PTY) Ltd	Malawi	75
Compass Malawi (Pty) Ltd (ii)	Malawi	75
Restomas Sdn Bhd (ii)	Malaysia	70
Em-ssis Services Sdn Bhd (ii)	Malaysia	60
Urusan Bakti Sdn Bhd (ii)	Malaysia	50
Eurest (Malta) Ltd (ii)	Malta	51
Eurest Support Services (Mauritius) (Pty) Ltd (ii)	Mauritius	75
Eurest Monaco S.A.	Monaco	99.99
Eurest Support Services Mozambique Ltda (ii)	Mozambique	45
Compass Group International Coöperatief W.A. (xi)	Netherlands	100
Compass Group International Finance C.V. (xi)	Netherlands	100
Forplejningstjenester A/S	Norway	33.33
Gress-Gruppen A/S	Norway	33.33
Eurest OKAS Catering Ltd (ii)	Papua New Guinea	55
Eurest Lotic (PNG) JV Ltd (ii)	Papua New Guinea	50
Compass Catering Service LLC	Qatar	20
Compass Arabia LLC	Saudi Arabia	30
Compass Game Park Services (Proprietary) Ltd	South Africa	75
Eurest Support Services Africa (Proprietary) Ltd (ii)	South Africa	75
Hlanganani Fidelity Joint Venture (Proprietary) Limited (ii)	South Africa	75
Isikhonyane Cleaning (Proprietary) Ltd	South Africa	75
Lwezi Cleaning (Proprietary) Limited (ii)	South Africa	75
Macand Enterprises 008 (Proprietary) Ltd (ii)	South Africa	75
Ramiweb (Proprietary) Ltd	South Africa	75
Siyeza Cleaning Services (Proprietary) Limited (ii)	South Africa	75
Siyeza Contract Cleaning Services (Proprietary) Limited (ii)	South Africa	75
Siyeza Labour Outsourcing Services (Proprietary) Limited (ii)	South Africa	75
Success Valet & Cleaning Services (Proprietary) Limited (ii)	South Africa	75
Supercare Financial Services (Pty) Ltd	South Africa	75
Supercare Hygiene (Pty) Ltd	South Africa	75

32 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
Supercare Services (Pty) Ltd (iii) (iv)	South Africa	75
Supercare Training Solutions (Proprietary) Limited (ii)	South Africa	75
Supervision Food Services (Boputhatswana) Pty Ltd (ii)	South Africa	75
Supervision Food Services (Gaznkulu) (Pty) Ltd (ii)	South Africa	75
Gourmet Prepared Foods (Proprietary) Ltd (ii)	South Africa	56
All Leisure Travel (Proprietary) Ltd	South Africa	52
ESS Oil & Gas Support Service Partners (Proprietary) Ltd (ii)	South Africa	52
Eurest Support Services Coega (Proprietary) Ltd (ii)	South Africa	52
Gourmet Fresh (Pty) Ltd	South Africa	52
Main Street 917 (Proprietary) Ltd	South Africa	41
Comet (Pty) Limited (ii)	South Africa	38
Maabokgoro-KSS Catering Services (Proprietary) Ltd (ii)	South Africa	38
Women’s Sunshine (Pty) Ltd (ii)	South Africa	38
Bafokeng Hospitality Services (Pty) Ltd (ii)	South Africa	37
KKS Daluxolo Food Services (Proprietary) Ltd	South Africa	37
UJU ESS Services (Pty) Ltd	South Africa	37
Gourmet on Wheels, S.L.U.	Spain	60
Compass Swaziland (Pty) Limited	Swaziland	75
Compass Group Tanzania Ltd (ii)	Tanzania	75
Abu Dhabi National Hotels – Compass LLC	UAE	50
Abu Dhabi National Hotels Compass Caterers LLC	UAE	50
Abu Dhabi National Hotels – Compass Emirates LLC	UAE	50
Abu Dhabi National Hotels Compass Middle East LLC	UAE	50
Compass LLC	UAE	50
Chartwells Hounslow (Feeding Futures) Limited (iii) (iv)	United Kingdom	75
Eat Dot Limited (ii) (iii)	United Kingdom	57.05
Quadrant Catering Limited (iii) (iv)	United Kingdom	49
Edgbaston Experience Limited (iii) (iv)	United Kingdom	25
Oval Events Holdings Limited	United Kingdom	25
Oval Events Limited (iii) (iv) (v) (vi)	United Kingdom	25
IEC Experience Limited (iii) (iv)	United Kingdom	23
Millennium Stadium Experience Limited (iii) (iv)	United Kingdom	16.5
Twickenham Experience Limited (iii) (iv) (v)	United Kingdom	16
B & I Catering, LLC	USA	90
C&B Holdings, LLC	USA	90
CMCA Catering, LLC	USA	90
GLV Restaurant Management Associates, LLC	USA	90
H & H Catering LP	USA	90
PCHI Catering, LLC	USA	90
Wolfgang Puck Catering & Events of Texas, LLC	USA	90
WPL, LLC	USA	90

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	COUNTRY OF INCORPORATION OR ESTABLISHMENT	% HOLDING
Convention Hospitality Partners	USA	80
KIJIK/ESS, LLC	USA	80
Wolfgang Puck Catering at the Capital Wheel, LLC	USA	67.5
110 East Pearson Limited Partnership	USA	67
Levy LA Concessions, LLC	USA	62
Eversource LLC	USA	51
Atlanta Sports Catering	USA	50
Learfield Levy Foodservice, LLC	USA	50
Orlando Foodservice Partners	USA	50
Park Concession Management, LLC	USA	50
Park Foodservice, LLC	USA	50
RA Patina, LLC	USA	50
RA Patina Management LLC	USA	50
Restaurant Services I, LLC	USA	50
Statewide/Gana-a’Yoo Joint Venture	USA	50
AEG Facilities, LLC	USA	49
Thompson Facilities Services LLC	USA	49
Thompson Hospitality Services, LLC	USA	49
WP Casual Catering, LLC	USA	45
Chicago Resturant Partners, LLC	USA	42
Kimco Facilities Holdings, LLC	USA	20
Kimco Facility Services LLC	USA	20
Kimco Holdings, LLC	USA	20
Eurest Support Services Zambia Ltd (ii)	Zambia	75
Kagiso Khulani Supervision Zambia Ltd (ii)	Zambia	74

CLASSIFICATIONS KEY

(i) Directly owned by Compass Group PLC
(ii) Dormant/non-trading
(iii) A Ordinary shares
(iv) B Ordinary shares
(v) C Ordinary and/or Special shares
(vi) D and/or E Ordinary shares
(vii) Deferred shares
(viii) Preference including cumulative, non-cumulative and redeemable shares
(ix) Redeemable shares
(x) Agent
(xi) No share capital, share of profits
(xii) Limited by guarantee

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

For the year ended 30 September 2016

COMPASS GROUP PLC	NOTES	2016 £M	2015 £M
FIXED ASSETS			
Investments	2	**1,003**	992
CURRENT ASSETS			
Debtors: Amounts falling due within one year	3	**11,322**	10,501
Debtors: Amounts falling due after more than one year	3	**184**	58
Cash at bank and in hand		**29**	30
Current assets		**11,535**	10,589
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors: Amounts falling due within one year	4	**(7,290)**	(6,338)
NET CURRENT ASSETS			
Net current assets		**4,245**	4,251
TOTAL ASSETS LESS CURRENT LIABILITIES			
Total assets less current liabilities		**5,248**	5,243
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors: Amounts falling due after more than one year	4	**(3,060)**	(2,699)
Provisions for liabilities and charges	5	**(31)**	(28)
NET ASSETS			
Net assets		**2,157**	2,516
CAPITAL AND RESERVES			
Share capital	8	**176**	176
Share premium account		**182**	182
Capital redemption reserve		**295**	295
Share-based payment reserve		**193**	179
Profit and loss reserve		**1,311**	1,684
Total equity		**2,157**	2,516

Approved by the Board of Directors on 22 November 2016 and signed on their behalf by

Richard Cousins, Director
Johnny Thomson, Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

CAPITAL AND RESERVES	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	CAPITAL REDEMPTION RESERVE £M	SHARE-BASED PAYMENT RESERVE £M	PROFIT AND LOSS RESERVE £M	TOTAL £M
At 1 October 2014	178	174	293	170	1,135	1,950
Issue of shares (for cash)	–	2	–	–	–	2
Repurchase of ordinary and new ordinary share capital	(2)	–	2	–	(328)	(328)
Issue of treasury shares to satisfy employee scheme awards exercised	–	–	–	–	1	1
Fair value of share-based payments	–	–	–	15	–	15
Release of LTIP award settled by issue of new shares	–	6	–	(6)	–	–
Dividends paid to Compass shareholders	–	–	–	–	(457)	(457)
Profit for the financial year	–	–	–	–	1,333	1,333
At 30 September 2015	176	182	295	179	1,684	2,516
At 1 October 2015	**176**	**182**	**295**	**179**	**1,684**	**2,516**
Share buyback[1]	**–**	**–**	**–**	**–**	**(100)**	**(100)**
Fair value of share-based payments	**–**	**–**	**–**	**16**	**–**	**16**
Release of LTIP award settled by issue of shares	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Issue of treasury shares to satisfy employee scheme awards exercised	**–**	**–**	**–**	**–**	**3**	**3**
Dividends paid to Compass shareholders	**–**	**–**	**–**	**–**	**(496)**	**(496)**
Profit for the financial year	**–**	**–**	**–**	**–**	**220**	**220**
At 30 September 2016	**176**	**182**	**295**	**193**	**1,311**	**2,157**

1. Including stamp duty and brokers' commission.

PARENT COMPANY ACCOUNTING POLICIES

For the year ended 30 September 2016

INTRODUCTION

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

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION

These financial statements are prepared in accordance with the historical cost convention, except as described in the accounting policy on financial instruments, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and in accordance with applicable United Kingdom laws. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. These financial statements thus present information about the Company as an individual undertaking, not as a Group undertaking. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

These financial statements have been prepared on a going concern basis. This is discussed in the Finance Director's statement on page 25.

B EXEMPTIONS

The Company's financial statements are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2016. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

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

- a cash flow statement and related notes
- transactions with wholly owned subsidiaries
- capital management
- as required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instrument Disclosures'
- the effect of new but not yet effective IFRSs
- compensation of key management personnel

C CHANGE IN ACCOUNTING POLICIES

As stated above, these are the Company's first financial statements prepared in accordance with FRS 101.

The Company has adopted the accounting requirements of the reduced disclosure framework under FRS 101 in these financial statements, with a transition date of 1 October 2014. Given the Company previously applied the fair value provisions of historic UK GAAP, the adoption of FRS 101 had no material impact to previously reported amounts in profit or equity and as such, in line with the requirements of FRS 101, the Company has not prepared a statement of transition.

The Company's financial statements still meet the requirements of the Companies Act 2006 including giving a true and fair view of the Company's assets, liabilities, financial position and profit or loss.

The Company has informed its shareholders and has received no objections to the use of FRS 101.

With the exception of the adoption of FRS 101, the Company has not applied any accounting standards for the first time in the year ended 30 September 2016.

D INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments are stated at cost less provision for any impairment. In the opinion of the directors, the value of such investments is not less than shown at the balance sheet date.

E FOREIGN CURRENCY

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses arising on retranslation are included in the income statement for the period.

F BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost plus or minus the fair value attributable to the risk being hedged.

G DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. Derivative instruments utilised include interest rate swaps, currency swaps and forward currency contracts. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions and derecognised when it ceases to be party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months of the balance sheet date. If not, they are recognised as non-current.

H DIVIDENDS

Dividends are recognised in the Company's financial statements in the year in which they are approved in general meeting by the Company's shareholders. Interim dividends are recognised when paid.

I DEFERRED TAX

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

J SHARE-BASED PAYMENTS

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of the non-market based vesting conditions.

Fair value is measured using either the binomial distribution or Black-Scholes option pricing models as is most appropriate for each scheme. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in Group undertakings is reported with a corresponding increase in shareholders' funds. For details of the charge see note 22 to the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 30 September 2016

1 PROFIT AND LOSS ACCOUNT DISCLOSURES

The Company profit on ordinary activities after tax was £220 million (2015: £1,333 million).

The Company had no direct employees in the course of the year (2015: none).

AUDIT SERVICES	2016 £M	2015 £M
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	1	1
Fees payable for other services	–	–

2 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	2016 £M	2015 £M
COST		
At 1 October	993	986
Share-based payments to employees of subsidiaries	16	15
Recharged to subsidiaries during the year	(5)	(8)
At 30 September	1,004	993
PROVISIONS		
At 1 October and 30 September	1	1
NET BOOK VALUE		
At 30 September	1,003	992

The principal subsidiary undertakings are listed in note 32 to the consolidated financial statements.

3 DEBTORS

	2016			2015		
DEBTORS	FALLING DUE WITHIN 1 YEAR £M	FALLING DUE AFTER MORE THAN 1 YEAR £M	TOTAL £M	FALLING DUE WITHIN 1 YEAR £M	FALLING DUE AFTER MORE THAN 1 YEAR £M	TOTAL £M
Amounts owed by subsidiary undertakings	11,319	–	11,319	10,480	–	10,480
Other debtors	–	–	–	1	–	1
Derivative financial instruments (note 7)	2	184	186	19	58	77
Deferred taxation	1	–	1	1	–	1
Total	11,322	184	11,506	10,501	58	10,559

MOVEMENT IN DEFERRED TAX ASSET	2016 NET SHORT TERM TEMPORARY DIFFERENCES £M	2015 NET SHORT TERM TEMPORARY DIFFERENCES £M
At 1 October	1	–
Credit to profit and loss account	–	1
At 30 September	1	1

The deferred taxation asset arises on certain derivative financial instruments and will be recovered no later than the maturity dates of these instruments.

4 CREDITORS

CREDITORS	2016 FALLING DUE WITHIN 1 YEAR £M	2016 FALLING DUE AFTER MORE THAN 1 YEAR £M	2016 TOTAL £M	2015 FALLING DUE WITHIN 1 YEAR £M	2015 FALLING DUE AFTER MORE THAN 1 YEAR £M	2015 TOTAL £M
Bank overdrafts	**80**	**–**	**80**	34	–	34
Bank loans	**250**	**281**	**531**	50	251	301
Bank overdrafts and loans (note 6)	**330**	**281**	**611**	84	251	335
Loan notes	**35**	**1,525**	**1,560**	107	1,330	1,437
Bonds	**–**	**1,253**	**1,253**	–	1,093	1,093
Loan notes and bonds (note 6)	**35**	**2,778**	**2,813**	107	2,423	2,530
Derivative financial instruments (note 7)	**9**	**1**	**10**	7	25	32
Accruals and deferred income	**45**	**–**	**45**	49	–	49
Current taxation	**32**	**–**	**32**	22	–	22
Amounts owed to subsidiary undertakings	**6,839**	**–**	**6,839**	6,069	–	6,069
Total	**7,290**	**3,060**	**10,350**	6,338	2,699	9,037

The Company has fixed term, fixed interest private placements denominated in US dollar and sterling.

LOAN NOTES	NOMINAL VALUE	REDEEMABLE	INTEREST	2016 CARRYING VALUE £M	2015 CARRYING VALUE £M
US$ private placement	$162m	Oct 2015	6.72%	**–**	107
Sterling private placement	£35m	Oct 2016	7.55%	**35**	36
US$ private placement	$250m	Oct 2018	3.31%	**196**	170
US$ private placement	$200m	Sep 2020	3.09%	**154**	132
US$ private placement	$398m	Oct 2021	3.98%	**306**	262
US$ private placement	$352m	Oct 2023	4.12%	**301**	250
US$ private placement	$100m	Dec 2024	3.54%	**107**	66
US$ private placement	$300m	Sep 2025	3.81%	**231**	216
US$ private placement	$300m	Dec 2026	3.64%	**230**	198
Total				**1,560**	1,437

The Company also has sterling and euro denominated Eurobonds.

BONDS	NOMINAL VALUE	REDEEMABLE	INTEREST	2016 CARRYING VALUE £M	2015 CARRYING VALUE £M
Euro Eurobond	€600m	Feb 2019	3.13%	**537**	458
Euro Eurobond	€500m	Jan 2023	1.88%	**469**	386
Sterling Eurobond	£250m	Jun 2026	3.85%	**247**	249
Total				**1,253**	1,093

5 PROVISIONS FOR LIABILITIES AND CHARGES

PROVISIONS	LEGAL AND OTHER CLAIMS £M
At 1 October 2014 and 30 September 2015	28
At 1 October 2015	**28**
Charged to profit and loss account	**3**
At 30 September 2016	**31**

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

6 MATURITY OF FINANCIAL LIABILITIES, OTHER CREDITORS AND DERIVATIVE FINANCIAL INSTRUMENTS

The maturity of financial liabilities, other creditors and derivative financial instruments as at 30 September is as follows:

	2016				2015			
MATURITY	**BANK OVERDRAFTS AND LOANS (NOTE 4) £M**	**LOAN NOTES AND BONDS (NOTE 4) £M**	**OTHER[1] (NOTE 7) £M**	**TOTAL £M**	BANK OVERDRAFTS AND LOANS (NOTE 4) £M	LOAN NOTES AND BONDS (NOTE 4) £M	OTHER[1] (NOTE 7) £M	TOTAL £M
Between 1 and 2 years	**281**	**–**	**(3)**	**278**	251	36	1	288
Between 2 and 5 years	**–**	**887**	**(35)**	**852**	–	760	–	760
In more than 5 years	**–**	**1,891**	**(145)**	**1,746**	–	1,627	(34)	1,593
In more than 1 year	**281**	**2,778**	**(183)**	**2,876**	251	2,423	(33)	2,641
Within 1 year, or on demand	**330**	**35**	**7**	**372**	84	107	(12)	179
Total	**611**	**2,813**	**(176)**	**3,248**	335	2,530	(45)	2,820

1. Other includes the debtor and creditor amounts associated with derivative financial instruments (note 7).

7 DERIVATIVE FINANCIAL INSTRUMENTS

	2016		2015	
DERIVATIVE FINANCIAL INSTRUMENTS	**FINANCIAL ASSETS (NOTE 3) £M**	**FINANCIAL LIABILITIES (NOTE 4) £M**	FINANCIAL ASSETS (NOTE 3) £M	FINANCIAL LIABILITIES (NOTE 4) £M
INTEREST RATE SWAPS				
Fair value hedges	**74**	**–**	60	–
Not in a hedging relationship	**–**	**(4)**	–	(4)
OTHER				
Forward currency contracts and cross currency swaps	**112**	**(6)**	17	(28)
Derivative financial instruments	**186**	**(10)**	77	(32)

8 SHARE CAPITAL

Details of the share capital, share option schemes and share-based payments of Compass Group PLC are shown in notes 21 and 22 to the consolidated financial statements.

9 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	**2016 £M**	2015 £M
Guarantees and indemnities (including subsidiary undertakings' overdrafts)	**440**	387

Details regarding certain contingent liabilities which involve the Company are set out in note 26 to the consolidated financial statements.

SHAREHOLDER INFORMATION

REGISTRAR

All matters relating to the administration of shareholdings in the Company should be directed to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 333 300 1568; email: shareholderenquiries@capita.co.uk.

Shareholders can register online to view their Compass Group PLC shareholding details using the Share Portal, a service offered by Capita Asset Services (the registrar), at www.capitashareportal.com. Shareholders registering for the Share Portal will require their investor code which is shown on share certificates. The service enables shareholders to:

- Check their shareholdings in Compass Group PLC 24 hours a day
- Gain easy access to a range of shareholder information including indicative valuation and payment instruction details
- Appoint a proxy to attend general meetings of Compass Group PLC

ELECTRONIC COMMUNICATIONS

The Company's Annual Report and all other shareholder communications can be found on our website. The Company can, at shareholders' request, send shareholders an email notification each time a new shareholder report or other shareholder communication is placed on our website. This enables shareholders to read and/or download the information at their leisure.

The provision of a facility to communicate with shareholders electronically does not discriminate between registered shareholders of the same class. The facility is available to all registered shareholders on equal terms and participation is made as simple as possible. Please note that it is the shareholder's responsibility to notify the registrar (through www.capitashareportal.com or by post) of any change to their email address. Before electing for electronic communication, shareholders should ensure that they have the appropriate computer capabilities. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out, but cannot accept any responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Please note that any electronic communication sent by a shareholder to the Company or the registrar containing a computer virus will not be accepted.

The Company's obligation is satisfied when it transmits an electronic message. It cannot be held responsible for a failure in transmission beyond its control. In the event that the Company becomes aware that an electronic transmission is not successful, a paper notification will be sent to the shareholder at their registered address. Shareholders wishing to continue to receive shareholder information in the traditional paper format should confirm this via www.capitashareportal.com or write to Capita Asset Services.

PUBLISHED INFORMATION

If you would like to receive a hard copy of this Annual Report and/or a copy of the Notice of Annual General Meeting in an appropriate alternative format such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ. Our 2016 Annual Report and the Notice of Meeting are available at www.compass-group.com.

CASH DIVIDENDS

The Company normally pays a dividend twice each year. We encourage UK resident ordinary shareholders to elect to have their dividends paid directly into their bank or building society account. This is a more secure method of payment and avoids delays or the cheques being lost. Most ordinary shareholders resident outside the UK can also have any dividends in excess of £10 paid into their bank account directly via Capita Asset Services' global payments service. Details and terms and conditions may be viewed at http://international.capitaregistrars.com.

DIVIDEND REINVESTMENT PLAN (DRIP)

A DRIP service is provided by Capita IRG Trustees Limited. The DRIP allows eligible shareholders to use the whole of their cash dividend to buy additional shares in the Company, thereby increasing their shareholding. Additional information, including details of how to sign up, can be obtained from the Company's website at www.compass-group.com and from Capita IRG Trustees Limited; telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 333 300 1568; email: shares@capita.co.uk.

The latest date for receipt of new applications to participate in the DRIP in respect of the 2016 final dividend is 26 January 2017.

SHARE PRICE INFORMATION

The price of the Company's shares is available on the Company's website at www.compass-group.com. This is supplied with a 15 minute delay to real time.

SHARE DEALING

The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'. In addition, the Company's registrar offers online and telephone dealing services to buy or sell Compass Group PLC shares. The service is only available to private shareholders aged 18 or over, resident in the UK, EEA, Channel Islands or Isle of Man. Full details can be obtained from www.capitadeal.com or by telephoning within the UK: Freephone 0800 280 2545.

SHAREGIFT

ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It is particularly useful for those shareholders who may wish to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. Further information can be obtained from ShareGift's website at www.sharegift.org; telephone within the UK: 020 7930 3737 and from overseas: +44 20 7930 3737, by email: help@sharegift.org or from the registrar.

AMERICAN DEPOSITARY RECEIPTS

BNY Mellon (BNY) maintains the Company's American Depositary Receipt register. If you have any enquiries about your holding of Compass American Depositary Shares, you should contact BNY Mellon, Shareowner Services, Computershare, P.O. Box 30170, College Station TX 77842-3170, USA. Further information can be found on BNY's website at www.adrbnymellon.com using the symbol CMPGY and on the Company's website at www.compass-group.com.

UNSOLICITED MAIL

We are legally obliged to make our register of members available to the public, subject to a proper purpose test. As a consequence of this, some shareholders might receive unsolicited mail. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Service, MPS FREEPOST LON20771, London W1E 0ZT. Shareholders can also register online at www.mpsonline.org.uk or request an application form by calling from within the UK: 0845 703 4599 or by email: mps@dma.org.uk.

IDENTITY THEFT

Advice on protecting your Compass Group PLC shares:

- Keep all Compass correspondence in a safe place, or destroy correspondence by shredding
- When changing address, inform the registrar, Capita Asset Services. If a letter from Capita Asset Services is received regarding a change of address and you have not moved, contact the registrar immediately
- Consider having your dividends paid directly into your bank or building society account. This will reduce the risk of the cheque being intercepted or lost in the post. You can complete a Request for Payment of Interest or Dividends form available from www.compass-group.com and send it to the registrar or register online at www.capitashareportal.com using the Share Portal service. Additional information can be obtained from the registrar
- On changing your bank or building society account, inform the registrar of the details of the new account and respond to any letters Capita Asset Services send you about this
- When buying or selling shares, deal only with brokers registered in your country of residence or the UK

WARNING ABOUT SHARE FRAUD

Fraudsters use persuasive and high pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

Whilst high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

HOW TO AVOID SHARE FRAUD

- Keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue with an offer to buy or sell shares
- Do not get into a conversation. Note the name of the person and firm contacting you and then end the call
- Check the Financial Services Register at www.fca.org.uk to see if the person and firm contacting you are authorised by the FCA
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details
- Use the firm's contact details listed on the Register if you want to call it back
- Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or if you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme
- Think about getting independent financial and professional advice before you hand over any money
- Remember: if it sounds too good to be true, it probably is!

REPORT A SCAM

If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at www.fca.org.uk, where you can find out more about investment scams, or call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk.

ADOPTION OF FINANCIAL REPORTING STANDARD (FRS) 101: REDUCED DISCLOSURE FRAMEWORK

As notified to shareholders in the Company's 2015 Annual Report, following the publication of FRS 100 Application of Financial Reporting Requirements by the Financial Reporting Council, the Company was required to change its accounting framework for its Company financial statements, previously UK GAAP, for the financial year commencing 1 October 2015. No written objections to the proposed use of disclosure exemptions for the financial year commencing 1 October 2015 were received from a shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in Compass Group PLC. The directors therefore implemented FRS 101 for the financial year commencing 1 October 2015.

The Board considers that it continues to be in the best interests of the Group for Compass Group PLC to continue to adopt FRS 101 Reduced Disclosure Framework for the financial year commencing 1 October 2016.

A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in Compass Group PLC may serve objections to the use of the disclosure exemptions on Compass Group PLC in writing to its registered office, Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, no later than 12.00 noon on 31 January 2017.

FINANCIAL CALENDAR

Ex-dividend date for 2016 final dividend	19 January 2017
Record date for 2016 final dividend	20 January 2017
2017 Annual General Meeting	2 February 2017
2016 final dividend payment	20 February 2017
Half year financial results	10 May 2017*
Ex-dividend date for 2017 interim dividend	22 June 2017*
Record date for 2017 interim dividend	23 June 2017*
2017 interim dividend payment	24 July 2017*

* Provisional dates.

RETURN OF CASH AND SHARE CAPITAL CONSOLIDATION – BASE COST APPORTIONMENT FOR UK TAX PURPOSES

On 11 June 2014, shareholders approved a Return of Cash of 56 pence per Existing Ordinary Share, which resulted in approximately £1 billion being returned through the issue of one B or C Share to shareholders for each Existing Ordinary Share held at 6.00pm on 7 July 2014. The Return of Cash was accompanied by a consolidation of the Existing Ordinary Shares in the ratio of 16 New Ordinary Shares for every 17 Existing Ordinary Shares. The New Ordinary Shares were admitted to trading on 8 July 2014. The B and C shares were not admitted to trading.

The Base Cost Apportionment is in general terms based on respective market values on the first day after the reorganisation on which a price for the New Ordinary Shares was quoted on the London Stock Exchange. Based on the New Ordinary Share price of 1024.50 pence and the market value of a B Share and of a C Share of 56 pence, and calculated using the ratio of 16 New Ordinary Shares and 17 B or 17 C Shares for every 17 Existing Ordinary Shares previously held, 94.51% of the base cost of the Existing Ordinary Shares is apportioned to the New Ordinary Shares and 5.49% to the B and/or C Shares.

The information provided above is only intended to provide general guidance to UK shareholders and is not intended to be, and should not be construed to be, legal or taxation advice to any particular UK shareholder. It states the position as of 9 July 2014. If you are in any doubt as to your tax position, you are recommended to seek your own tax advice from an independent professional adviser. This note must be read in conjunction with the Circular to Shareholders dated 19 May 2014, where certain terms are defined.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Compass Group PLC, please send this Notice and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the sixteenth Annual General Meeting of Compass Group PLC (the Company) will be held at 12 noon on Thursday 2 February 2017 at the Live Room, Rugby Football Union, Rugby House, Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex TW2 7BA in order to transact the following business:

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 20 to 23 will be proposed as special resolutions and all other Resolutions will be proposed as ordinary resolutions.

1. To receive and adopt the Directors' Annual Report and Accounts and the Auditor's Report thereon for the financial year ended 30 September 2016.
2. To receive and adopt the Directors' Remuneration Report for the financial year ended 30 September 2016.
3. To declare a final dividend of 21.1 pence per ordinary share in respect of the financial year ended 30 September 2016.
4. To elect Stefan Bomhard as a director of the Company.
5. To re-elect Dominic Blakemore as a director of the Company.
6. To re-elect Richard Cousins as a director of the Company.
7. To re-elect Gary Green as a director of the Company.
8. To re-elect Johnny Thomson as a director of the Company.
9. To re-elect Carol Arrowsmith as a director of the Company.
10. To re-elect John Bason as a director of the Company.
11. To re-elect Don Robert as a director of the Company.
12. To re-elect Nelson Silva as a director of the Company.
13. To re-elect Ireena Vittal as a director of the Company.
14. To re-elect Paul Walsh as a director of the Company.
15. To reappoint KPMG LLP as the Company's auditor until the conclusion of the next Annual General Meeting of the Company.
16. To authorise the Audit Committee to agree the auditor's remuneration.
17. That the authority conferred by Article 138 of the Company's Articles of Association be and is hereby increased from £1,500,000 to £2,250,000.
18. To authorise the Company and any company which is, or becomes, a subsidiary of the Company during the period to which this Resolution relates, to:

    18.1 make donations to political parties or independent election candidates;
    18.2 make donations to political organisations other than political parties; and
    18.3 incur political expenditure,

    during the period commencing on the date of this Resolution and ending on the date of the Company's next Annual General Meeting, provided that any such donations and expenditure made by the Company, or by any such subsidiary, shall not exceed £100,000 per company and, together with those made by any such subsidiary and the Company, shall not exceed in aggregate £100,000.

    Any terms used in this Resolution which are defined in Part 14 of the Companies Act 2006 shall bear the same meaning for the purposes of this Resolution 18.

19. 19.1 To renew the power conferred on the directors by Article 12 of the Company's Articles of Association for a period expiring at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed or, if earlier, 1 May 2018; and for that period the section 551 amount shall be £58,236,688.

    19.2 In addition, the section 551 amount shall be increased by £58,236,688, for a period expiring at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed, provided that the directors' power in respect of such latter amount shall only be used in connection with a rights issue:

    19.2.1 to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    19.2.2 to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

    and that the directors may impose any limits or restrictions and make any arrangements which they consider necessary to deal with fractional entitlements, legal or practical problems under the laws of, or the requirements of, any relevant regulatory body or stock exchange, any territory, or any matter whatsoever.

SPECIAL RESOLUTIONS

20. To authorise the directors, subject to the passing of Resolution 19, and in accordance with the power conferred on the directors by Article 13 of the Company's Articles of Association, such authority to apply until the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed or, if earlier, 1 May 2018 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

    20.1 to allotments for rights issues and other pre-emptive issues; and

    20.2 to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 20.1 above) up to a nominal amount of £8,735,344 being not more than 5% of the issued ordinary share capital (excluding treasury shares) of the Company as at 1 December 2016, being the last practicable date prior to the publication of this Notice,

    such authority to expire at the end of the next Annual General Meeting of the Company, or, if earlier, at the close of business on 1 May 2018, but in each case, prior to the expiry the Company may make offers, and enter into agreements, which would, or might require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

21. To authorise the directors, subject to the passing of Resolution 19, and in accordance with the power conferred on the directors by Article 13 of the Company's Articles of Association and in addition to any authority granted under Resolution 20 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that Resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

    21.1 limited to the allotment of equity shares or sale of treasury shares up to a nominal amount of £8,735,344 being not more than 5% of the issued ordinary share capital (excluding treasury shares) of the Company as at 1 December 2016, being the last practicable date prior to the publication of this Notice;

    21.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

    such authority to expire at the end of the next Annual General Meeting of the Company or, if earlier, on 1 May 2018, but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

22. To generally and unconditionally authorise the Company, pursuant to and in accordance with section 701 of the Companies Act 2006, to make market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of $10\frac{5}{8}$ pence each in the capital of the Company subject to the following conditions:

    22.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 164,430,000;

    22.2 the minimum price (excluding expenses) which may be paid for each ordinary share is $10\frac{5}{8}$ pence;

    22.3 the maximum price (excluding expenses) which may be paid for each ordinary share in respect of a share contracted to be purchased on any day, does not exceed the higher of (1) an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (2) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; and

    22.4 this authority shall expire, unless previously renewed, varied or revoked by the Company, at the conclusion of the next Annual General Meeting of the Company or 1 August 2018, whichever is the earlier (except in relation to the purchase of ordinary shares, the contract for which was concluded prior to the expiry of this authority and which will or may be executed wholly or partly after the expiry of this authority).

23. To authorise the directors to call a general meeting of the Company, other than an Annual General Meeting, on not less than 14 clear working days' notice, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this Resolution.

Voting on all Resolutions will be by way of a poll.

By Order of the Board

Mark White
General Counsel and Company Secretary
21 December 2016
Registered Office:
Compass House
Guildford Street
Chertsey
Surrey KT16 9BQ

Registered in England and Wales No. 4083914

EXPLANATORY NOTES TO THE RESOLUTIONS

RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The directors are required to present to the Annual General Meeting (AGM) (the Meeting) the audited Accounts and the Directors' and Auditor's Reports for the financial year ended 30 September 2016.

RESOLUTION 2 – DIRECTORS' REMUNERATION REPORT

In accordance with section 439 of the Companies Act 2006 (CA 2006), shareholders are requested to approve the Directors' Remuneration Report. The Directors' Remuneration Report is set out on pages 58 to 79 of the 2016 Annual Report and Accounts. The vote is advisory.

In accordance with section 439A of the CA 2006, a separate resolution on the Remuneration Policy (the Policy) part of the Directors' Remuneration Report must be put to the vote and approved by shareholders at least every three years, unless during that time it is to be changed. The Policy was approved by shareholders at the 2015 AGM. The directors do not propose any changes to the Policy this year and as such, it is not necessary for the directors to submit a resolution on the Policy to shareholders for approval at the 2017 AGM. A copy of the Remuneration Policy in force is set out on pages 62 to 68 of the 2016 Annual Report. To the extent that changes have been made to the Policy since last year, these are merely to ensure that the content of the Policy remains relevant to the financial year under review; in all other respects, the Policy remains unchanged.

RESOLUTION 3 – FINAL DIVIDEND

The final dividend for the year ended 30 September 2016 will be paid on 20 February 2017 to shareholders on the register at the close of business on 20 January 2017, subject to shareholder approval.

RESOLUTIONS 4 TO 14 – ELECTION AND RE-ELECTION OF DIRECTORS

Biographical details of all the directors standing for election or re-election appear on pages 38 to 40 of the 2016 Annual Report.

In line with the provisions of the Company's Articles of Association, Stefan Bomhard, who was appointed by the Board since the date of the last AGM, will submit himself for election by shareholders. Details of his appointment are given on page 55.

The Company's Articles of Association require one third of the directors to retire by rotation each year and no director may serve for more than three years without being re-elected by shareholders. However, in accordance with the UK Corporate Governance Code (the Code), all the directors will submit themselves for annual re-election by shareholders.

Having conducted an external evaluation during the year, it is the view of the external facilitators and the Chairman that the performance of each of the directors continues to be effective and that each director demonstrates commitment to the role and has sufficient time to meet his or her commitment to the Company.

RESOLUTIONS 15 AND 16 – AUDITOR

The auditor is appointed at every general meeting at which accounts are presented to shareholders. The current appointment of KPMG LLP as the Company's auditor will end at the conclusion of the AGM and it has advised of its willingness to stand for reappointment. In accordance with provisions of the Code, it is recommended practice for the Audit Committee to be authorised to agree how much the auditor should be paid and Resolution 16 grants this authority to the Audit Committee. KPMG LLP were first appointed by shareholders as the Company's auditor at the 2015 AGM.

RESOLUTION 17 – ARTICLE 138 AUTHORITY

The Company's Articles of Association provide that the ordinary remuneration of non-executive directors (including the Chairman) shall not exceed in aggregate £1,500,000 per annum or such higher amount as the Company may from time to time determine by ordinary resolution. To ensure that the directors do not inadvertently breach the existing £1,500,000 aggregate (which was first set in 2008) and to ensure that the Company is able to continue to recruit and retain suitable candidates, it is proposed that the authority granted to the directors by Article 138 be increased to £2,250,000.

RESOLUTION 18 – DONATIONS TO POLITICAL PARTIES

It is not Group policy to make donations to political parties. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries might unintentionally fall within the wide definition of matters constituting political donations and expenditure in the CA 2006. Any expenditure that is regulated under the CA 2006 must first be approved by shareholders and will be disclosed in next year's Annual Report. This Resolution, if passed, will renew the directors' authority until the AGM to be held in 2018 (2018 AGM) (when the directors intend to renew this authority) to make donations and incur expenditure which might otherwise be caught by the terms of the CA 2006, up to an aggregate amount of £100,000 for the Company and for subsidiary companies.

RESOLUTION 19 – DIRECTORS' AUTHORITY TO ALLOT SHARES

The purpose of Resolution 19 is to renew the directors' power to allot shares. Resolution 19.1 seeks to grant the directors authority to allot, pursuant to Article 12 of the Company's Articles of Association and section 551 of the CA 2006, relevant securities with a maximum nominal amount of £58,236,688. This represents 548,110,000 ordinary shares of 10⅝ pence each in the capital of the Company, which is approximately one third of the Company's issued ordinary share capital (excluding treasury shares) as at 1 December 2016 (being the last practicable date prior to the publication of this Notice). The Company currently holds 9,856,681 shares in treasury. The authority would, unless previously renewed, revoked or varied by shareholders, remain in force up to the conclusion of the 2018 AGM of the Company or 1 May 2018, whichever is earlier.

In accordance with the Investment Association Share Capital Management Guidelines (the Guidelines), Resolution 19.2 seeks to grant the directors authority to allot approximately a further one third of the Company's issued ordinary share capital (excluding treasury shares) in connection with a rights issue in favour of ordinary shareholders with a nominal value of up to £58,236,688 (representing 548,110,000 ordinary shares of 10⅝ pence each). Such additional authority will be valid until the conclusion of the 2018 AGM.

If the Company uses any of the additional one third authority permitted by the Guidelines, the Company will ensure that all directors stand for re-election. The Company's current practice is that all directors submit themselves for re-election each year in accordance with the Code, notwithstanding the provisions set out in the Guidelines.

The total authorisation sought by Resolution 19 is equal to approximately two thirds of the issued ordinary share capital of the Company (excluding treasury shares) as at 1 December 2016, being the last practicable date prior to publication of this Notice.

Resolutions 1 to 19 will be proposed as ordinary resolutions and require that more than half of the votes cast must be in favour of a resolution for it to be passed.

RESOLUTIONS 20 AND 21 – DISAPPLICATION OF PRE-EMPTION RIGHTS

If the Company issues new shares, or sells treasury shares, for cash (other than in connection with an employee share scheme), it must first offer them to existing shareholders in proportion to their existing holdings. In accordance with investor guidelines, approval is sought by the directors to issue a limited number of ordinary shares for cash without offering them to existing shareholders.

In 2015, the Pre-Emption Group (which represents the Investment Association and the Pension and Lifetime Savings Association) published a revised statement of principles for the disapplication of pre-emption rights (the Principles). The Principles provide that a general authority for the disapplication of pre-emption rights over approximately 5% of the Company's issued ordinary share capital should be treated as routine. This general authority, which the directors have sought and received in previous years, is dealt with under Resolution 20.

Subject to the passing of Resolution 19, Resolution 20 seeks to replace the authority conferred on the directors at the 2016 AGM to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares or sell treasury shares for cash (other than pursuant to an employee equity incentive share scheme) up to an aggregate nominal value of approximately 5% of the Company's issued ordinary share capital without application of pre-emption rights pursuant to Article 13 of the Company's Articles of Association and section 561 of the CA 2006. Other than in connection with a rights, scrip dividend, or other similar issue, the authority contained in this Resolution 20 would be limited to a maximum nominal amount of £8,735,344.

The Pre-Emption Group further provides that the Company may, as a routine, seek to disapply pre-emption rights over the equivalent of approximately an additional 5% of the issued ordinary share capital of the Company, so long as certain criteria are met.

Subject to the passing of Resolution 19, Resolution 21 seeks to replace the authority conferred on the directors at the 2016 AGM to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares or sell treasury shares for cash (other than pursuant to an employee equity incentive share scheme) up to an aggregate nominal value of approximately 5% of the Company's issued ordinary share capital without application of pre-emption rights pursuant to Article 13 of the Company's Articles of Association and section 561 of the CA 2006, provided that this authority will only be used for the purpose of:

(i) an acquisition; or
(ii) a specified capital investment in respect of which sufficient information regarding the effect of the investment on the Company, the assets that are the subject of the investment and (where appropriate) the profits attributable to those assets is made available to shareholders to enable them to reach an assessment of the potential return on the investment

which is announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

Other than in connection with a rights, scrip dividend, or other similar issue, the authority contained in this Resolution 21 would be limited to a maximum nominal amount of £8,735,344.

These together represent 164,430,000 ordinary shares of 10⅝ pence each in the capital of the Company, which is approximately 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 1 December 2016 (being the last practicable date prior to the publication of this Notice). The authority would, unless previously renewed, revoked or varied by shareholders, expire at the conclusion of the AGM of the Company to be held in 2018 or on 1 May 2018, if earlier.

Save for issues of shares in respect of various employee share schemes and any share dividend alternatives, the directors have no current plans to utilise the authorities sought by Resolutions 19, 20 and 21, although they consider their renewal appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise. In addition, and in line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years. The limit also applies to shares issued from treasury. A renewal of this authority will be proposed at each subsequent AGM and the Board confirms its intention to follow best practice set out in the Principles which provides that usage of this authority in excess of 7.5% of the Company's issued share capital in a rolling three year period would not take place without prior consultation with shareholders.

RESOLUTION 22 – PURCHASE OF OWN SHARES

This Resolution authorises the directors to make limited on market purchases of the Company's ordinary shares. The power is limited to a maximum of 164,430,000 shares (just under 10% of the issued ordinary share capital as at 1 December 2016, being the last practicable date prior to the publication of this Notice) and details the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this Resolution will expire at the conclusion of the Company's next AGM or 18 months from the passing of this Resolution, whichever is the earlier.

The CA 2006 permits the Company to hold shares repurchased as treasury shares. Treasury shares may be cancelled, sold for cash or used for the purpose of employee equity incentive schemes. The authority to be sought by this Resolution is intended to apply equally to shares to be held by the Company as treasury shares. No dividends will be paid on shares which are held as treasury shares and no voting rights will be attached to them. Shares held as treasury shares will normally be used to satisfy the Company's obligations under the Company's employee equity incentive schemes.

From 1 October 2015 to 31 March 2016, the Company repurchased 6,560,656 ordinary shares of 10⅝ pence for a consideration of £72.7 million (including expenses). These shares were subsequently transferred to be held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes. From 1 April 2016 to 30 September 2016 and from 1 October 2016 up to the date of this Notice, 2,110,923 and 376,622 ordinary 10⅝ pence shares were repurchased for a consideration of £27.5 million and £5.2 million (including expenses) respectively, and subsequently cancelled. Shares held in treasury are not eligible to participate in dividends and do not carry any voting rights.

As at 1 December 2016 (being the last practicable date prior to the publication of this Notice), there were options to subscribe for ordinary shares issued by the Company outstanding over approximately 9,500,000 shares which represent 0.57% of the Company's issued ordinary share capital (excluding treasury shares) at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 0.64% of the Company's issued ordinary share capital (excluding treasury shares).

RESOLUTION 23 – NOTICE OF MEETINGS OTHER THAN ANNUAL GENERAL MEETINGS

The Company's Articles of Association allow the directors to call general meetings, other than AGMs, on 14 clear working days' notice. However, under the Companies (Shareholders' Rights) Regulations 2009 (the Regulations), all general meetings must be held on 21 days' notice, unless shareholders agree to a shorter notice period, and the Company has met the requirements for electronic voting under the Regulations. This Resolution seeks to renew the authority granted by shareholders at last year's AGM which preserved the Company's ability to call general meetings, other than AGMs, on 14 clear working days' notice, such authority to be effective until the Company's next AGM, when a similar resolution will be proposed. The directors confirm that the shorter notice period would not be used as a matter of routine, but only where flexibility is merited by the business of the meeting and it is thought to be to the advantage of shareholders as a whole. An electronic voting facility will be made available to all shareholders for any meeting held on such notice.

Resolutions 20 to 23 will be proposed as special resolutions and require that at least three quarters of the votes cast must be in favour of a resolution for it to be passed.

RECOMMENDATION

The directors consider that each of the Resolutions is in the best interests of the Company and the shareholders as a whole and, accordingly, recommend that all shareholders vote in favour of all Resolutions, as the directors intend to do in respect of their own holdings.

IMPORTANT INFORMATION

PROXIES

(i) A shareholder entitled to attend and vote at the AGM may appoint a proxy or proxies (who need not be a shareholder of the Company) to exercise all or any of his or her rights to attend, speak and vote at the AGM. Where more than one proxy is appointed, each proxy must be appointed for different shares.

Proxies may only be appointed by:

- Completing and returning the Form of Proxy enclosed with this Notice to PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF
- Going to www.capitashareportal.com and following the instructions for electronic submission provided there; or
- Having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members). Please refer to the CREST manual on the Euroclear website (www.euroclear.com/CREST) for further information

Return of the Form of Proxy will not prevent a shareholder from attending the Meeting and voting in person. However, if you do attend the Meeting, any proxy appointment will be treated as revoked.

The electronic addresses provided in this Notice are provided solely for the purpose of enabling shareholders to register the appointment of a proxy or proxies for the Meeting or to submit their voting directions electronically. You may not use any electronic address provided in the Notice of this Meeting to communicate with the Company for any purposes other than those expressly stated.

(ii) To be effective, the Form of Proxy must be completed in accordance with the instructions and received by the Company's registrar by 12 noon on Tuesday 31 January 2017.

To appoint a proxy or to give an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 12 noon on Tuesday 31 January 2017. Please note, however, that proxy messages cannot be sent through CREST on weekends, public holidays or after 8.00pm on any other day. For the purpose of this deadline, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST personal members or other CREST sponsored members and those CREST members that have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST.

For further information on CREST procedures, limitations and system timings, please refer to the CREST manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, as amended.

(iii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B(2) of the CA 2006, the Company specifies that only those shareholders registered in the Register of Members of the Company as at close of business on Tuesday 31 January 2017 or, in the event that the Meeting is adjourned, in the Register of Members at the close of business two days before the time of any adjourned meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries on the Register of Members after close of business on Tuesday 31 January 2017 or, in the event that the Meeting is adjourned, at close of business two days before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

NOMINATED PERSONS

Any person to whom a copy of this Notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights (Nominated Person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in note (i) above does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.

SHAREHOLDER RIGHTS AND AGM BUSINESS

Under sections 338 and section 338A of the CA 2006, shareholders meeting the threshold requirements which, broadly, requires a minimum of 100 shareholders holding an average of 941 ordinary shares each or shareholders holding at least 5% of the Company's issued share capital, have the right to require the Company (i) to give to shareholders of the Company entitled to receive notice of the AGM notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or (ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory, or (c) it is frivolous or vexatious. Such a request may be in hard copy or electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than Wednesday 21 December 2016, being the date six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

RIGHT TO ASK QUESTIONS

Under section 319A of the CA 2006, shareholders have the right to ask questions at the AGM relating to the business of the Meeting and for these to be answered, unless such answer would interfere unduly with the business of the Meeting, involve the disclosure of confidential information, if the answer has already been published on the Company's website; or if it is not in the interests of the Company or the good order of the Meeting that the question be answered.

WEBSITE PUBLICATION OF AUDIT CONCERNS

Under section 527 of the CA 2006, shareholders have a right to request publication of any concerns that they propose to raise at the AGM relating to the audit of the Company's Accounts (including the Auditor's Report and the conduct of the audit) that are to be submitted to the Meeting or any circumstances connected to the Company's auditor who ceased to hold office since the last AGM. The Company will publish the statement if sufficient requests have been received in accordance with section 527(2) of the CA 2006 which, broadly, requires a minimum of 100 shareholders holding an average of 941 ordinary shares each or shareholders holding at least 5% of the Company's issued ordinary share capital to make the request. The Company may not require the members requesting any such website publication to pay its expenses in complying with such request. Where a statement is published, the Company will forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the CA 2006 to publish on its website.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the service agreements of the executive directors, the letters of appointment of the non-executive directors, the directors' deeds of indemnity, the Register of Directors' Interests and the Company's Articles of Association will be available for inspection during normal business hours from the date of dispatch of this Notice until the date of the AGM (Saturdays, Sundays and public holidays excepted) at the registered office of the Company, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ, and will also be made available at the Meeting for a period of 15 minutes prior to and during the continuance of the Meeting.

TOTAL VOTING RIGHTS

As at 1 December 2016 (being the last practicable date prior to the publication of this Notice), the Company's issued share capital comprised 1,644,334,486 ordinary shares (excluding treasury shares). The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every ordinary shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a vote by poll, every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share held. It is proposed that all votes on the Resolutions at the AGM will be taken by way of a poll.

The total voting rights in the Company as at 1 December 2016 were 1,644,334,486 (excluding treasury shares).

INFORMATION AVAILABLE ON WEBSITE

The following information is available on the Company's website at www.compass-group.com:

(i) the matters set out in this Notice of Meeting;
(ii) the total voting rights and number of shares of each class in respect of which shareholders are entitled to exercise voting rights at the AGM;
(iii) shareholders' rights to include business to be dealt with at the AGM; and
(iv) shareholders' statements, resolutions and matters of business received by the Company after 21 December 2016.

THE AGM

The doors of the Live Room at Twickenham RFU Stadium will open at 10.30am and the AGM will start promptly at 12 noon. Please see the map on the next page for the location of Twickenham RFU Stadium. Car parking is available for shareholders as indicated on the map. For more information of how to get to the venue, go to www.twickenhamexperience.com.

ATTENDING THE AGM

If you are coming to the AGM, please bring your attendance card with you. It authenticates your right to attend, speak and vote at the AGM and will speed your admission. You may also find it useful to bring this Notice of AGM and the Annual Report 2016 so that you can refer to them at the Meeting. All joint shareholders may attend and speak at the AGM. However, only the first shareholder listed on the Register of Members is entitled to vote. At the discretion of the Company, and subject to sufficient seating capacity, a shareholder may enter with one guest, provided that the shareholder and their guest register to enter the AGM at the same time.

QUESTIONS

All shareholders or their proxies will have the opportunity to ask questions at the AGM. When invited by the Chairman, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. A question may not be answered at the Meeting if it is not considered to be in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of sensitive information. The Chairman may also nominate a representative to answer a specific question after the Meeting or refer the questioner to the Company's website.

VOTING AT THE AGM

The Company confirms that all Resolutions to be proposed at the AGM will be put to the vote on a poll. This will result in a more accurate reflection of the views of all of the Company's shareholders by ensuring that every vote is recognised, including the votes of shareholders who are unable to attend the Meeting but who have appointed a proxy for the Meeting. On a poll, each shareholder has one vote for each share held.

After each Resolution is put to the Meeting, you will be asked to cast your vote. All of the votes of the shareholders present will be counted, and added to those received by proxy, and the provisional final votes will be displayed at the Meeting.

The voting results, which will include all votes cast for and against each Resolution at the Meeting, and all proxies lodged prior to the Meeting, will be announced at the Meeting and published on the Company's website as soon as practicable after the Meeting. The Company will also disclose the number of votes withheld.

If you have already voted by proxy, you will still be able to vote at the Meeting and your vote on the day will replace your previously lodged proxy vote.

Whomever you appoint as a proxy can vote or abstain from voting as he or she decides on any other business which may validly come before the AGM. This includes proxies appointed using the CREST service. Details of how to complete the appointment of a proxy either electronically or on paper are given in the notes to this Notice.

VENUE ARRANGEMENTS

For your personal safety and security, all hand baggage may be subject to examination. Please note that electronic devices such as recording equipment may not be brought into the AGM. A cloakroom will be available to deposit coats and bulky items.

A sign language interpreter will attend the AGM and a sound amplification/hearing loop will be available in the meeting room.

There is wheelchair access. Anyone accompanying a shareholder in need of assistance will be admitted to the AGM. If any shareholder with a disability has any questions regarding attendance at the AGM, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ by 25 January 2017.

Security staff will be on duty to assist shareholders. The Company will not permit behaviour that may interfere with another person's security, safety or the good order of the AGM.

Please ensure that all electronic equipment is switched off throughout the AGM.

Tea and coffee will be available before the Meeting and light refreshments will be served afterwards.

SHAREHOLDER ENQUIRIES

Capita Asset Services maintain the Company's share register. If you have any enquiries about the AGM or about your shareholding, you should contact Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

AMERICAN DEPOSITARY RECEIPT ENQUIRIES

BNY Mellon maintains the Company's American Depositary Receipt register. If you have any enquiries about your holding of Compass American Depositary Shares, you should contact BNY Mellon, Shareowner Services, Computershare, P.O. Box 30170, College Station TX 77842-3170, USA.

DATA PROTECTION STATEMENT

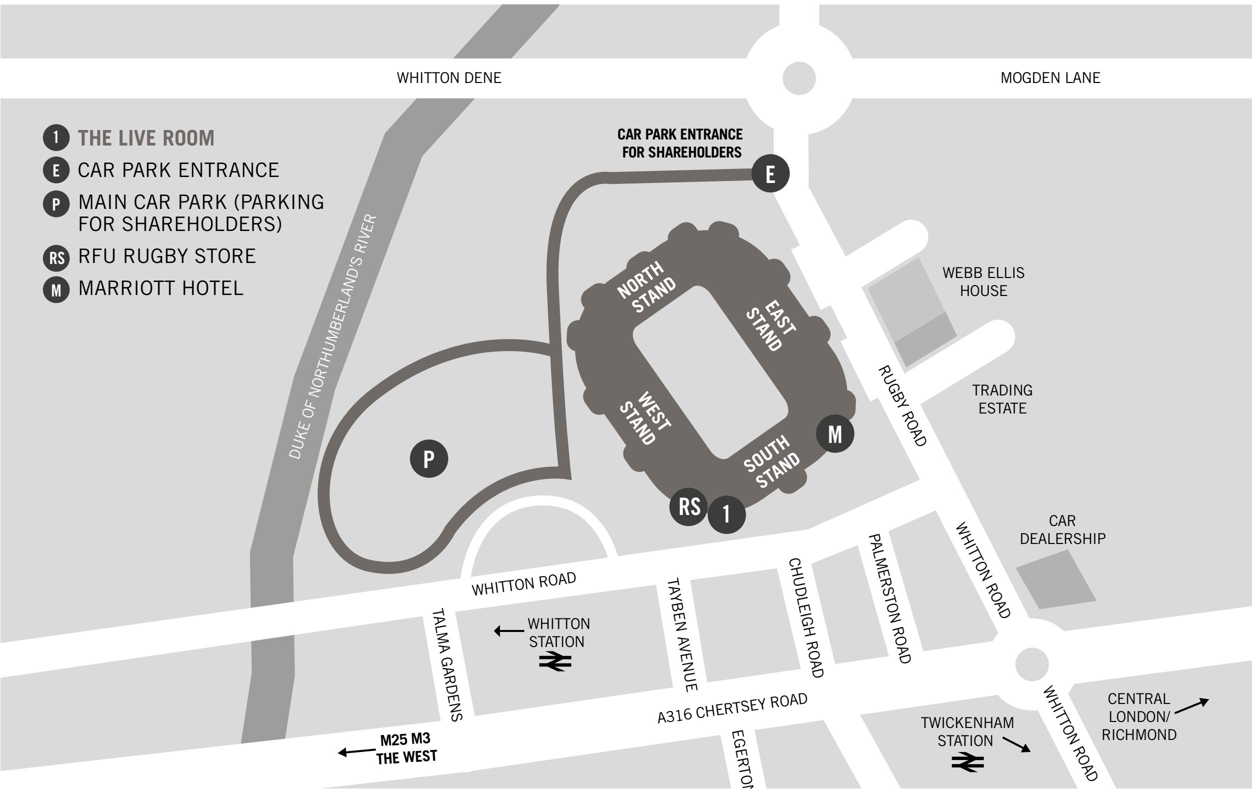
Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

PUBLISHED INFORMATION

If you would like to receive this Notice and/or a copy of the Annual Report 2016 in an appropriate alternative format, such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.

Our 2016 Annual Report and this Notice are available at www.compass-group.com.

For more information of how to get to the AGM venue go to www.twickenhamexperience.com.



GLOSSARY OF TERMS

Constant currency	Restates the prior year results to the current year's average exchange rates.
Underlying revenue	The combined sales of Group and share of equity accounted joint ventures.
Underlying operating profit – Group	Includes share of profit after tax of associates and profit before tax of joint ventures but excludes the specific adjusting items, as listed below.
Underlying operating profit – Region	Includes share of profit before tax of joint ventures but excludes the specific adjusting items, as listed below, profit after tax of associates and EM & OR restructuring.
Underlying operating margin – Group	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
Underlying operating margin – Region	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates and EM & OR restructuring.
Underlying net finance cost	Excludes specific adjusting items.
Underlying profit before tax	Excludes specific adjusting items.
Underlying basic earnings per share	Excludes specific adjusting items and the tax attributable to those items.
Underlying depreciation and amortisation	Excludes specific adjusting items.
Underlying EBITDA	Based on underlying operating profit, adding back underlying depreciation and amortisation.
Underlying tax	Excludes tax attributable to specific adjusting items.
Underlying effective tax rate	Based on underlying tax charge and underlying profit before tax.
Underlying cash tax	Tax payments made in respect of underlying tax.
Underlying cash tax rate	Based on underlying cash tax and underlying profit before tax.
Underlying free cash flow	Adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.
Underlying gross capex	Includes Group and share of equity accounted joint ventures' capex spend.
Organic revenue growth	Calculated by adjusting underlying revenue for acquisitions (excluding current year acquisitions and including a full period in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current year exchange rates) and compares the current year results against the prior year. In addition, where applicable, a 53rd week has been excluded from the current year underlying revenue.
Organic operating profit growth	Calculated by adjusting underlying operating profit for acquisitions (excluding current year acquisitions and including a full period in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current year exchange rates) and compares the current year results against the prior year. In addition, where applicable, a 53rd week has been excluded from the current year underlying operating profit.
Like for like revenue growth	Calculated by adjusting organic revenue growth for new business wins and lost business.
Specific adjusting items	• amortisation of intangibles arising on acquisition • acquisition transaction costs • adjustment to contingent consideration on acquisition • share-based payments expense relating to non-controlling interest call options • tax on share of profit of joint ventures • profit/(loss) on disposal of businesses • other financing items
EM & OR restructuring	Emerging Markets and Offshore & Remote restructuring.
ROCE	ROCE divides the net operating profit after tax (NOPAT) by the 12 month average capital employed.
NOPAT	Calculated as underlying operating profit from continuing operations less operating profit of non-controlling interests before tax, net of income tax at the underlying rate of the year.
Capital employed	Based on the 12 month average net assets adjusted for net debt, post employment benefit obligations net of associated deferred tax, amortised intangibles arising on acquisition, impaired goodwill and excluding the Group's non-controlling partners' share of net assets and net assets of discontinued operations.
Net debt	Overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.

FORWARD LOOKING STATEMENTS

Certain information included in this Annual Report and Accounts is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements.

Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the food and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements, which speak only at their respective dates.

Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Nothing in this Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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