



# GLOBAL REACH



# LOCAL FLAVOURS



**50+**  
WE OPERATE  
IN OVER 50  
COUNTRIES



# COMPASS PROVIDES GREAT FOOD AND SUPPORT SERVICES TO MILLIONS OF PEOPLE AROUND THE WORLD EVERY DAY

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

**50,000+**  
WE WORK IN  
MORE THAN  
50,000 CLIENT  
LOCATIONS



## GLOBAL REACH LOCAL FLAVOURS

Our global presence ensures we share international best practice across the Group to bring clients and consumers the latest innovations. Our individual operations bring local creativity and flair to our food and service.



**500,000+**  
WE EMPLOY  
MORE THAN  
500,000 GREAT  
PEOPLE



**5bn+**  
WE SERVE OVER  
5 BILLION MEALS  
A YEAR



# GROUP PERFORMANCE

## DELIVERING GROWTH

### UNDERLYING REVENUE (£m)

## £17,843m



### UNDERLYING OPERATING MARGIN (%)

## 7.2%



### UNDERLYING BASIC EARNINGS PER SHARE (PENCE)

## 53.7p



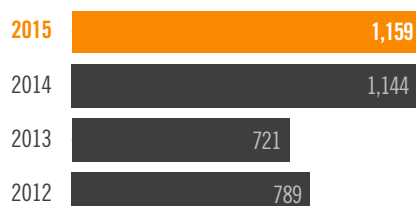
### UNDERLYING OPERATING PROFIT (£m)

## £1,296m



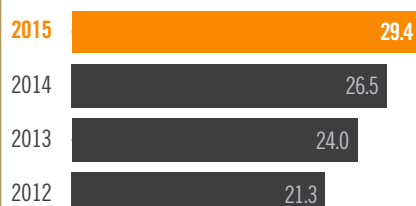
### REPORTED PROFIT BEFORE TAX (£m)

## £1,159m



### DIVIDEND PER ORDINARY SHARE (PENCE)

## 29.4p



*Regional performance*

→ Read more on page 6



*Key performance indicators*

→ Read more on pages 16 and 17



*For more information*

Download this Report and our full Corporate Responsibility Report at [www.compass-group.com/ar15](http://www.compass-group.com/ar15)

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## CHAIRMAN'S STATEMENT

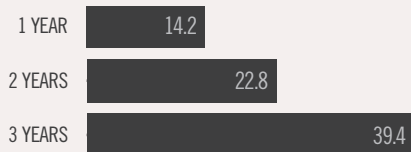
# DELIVERING GROWTH



POSITION IN FTSE 100 INDEX AS AT 30 SEPTEMBER 2015 (2014: 28)

# 25

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



OUR VALUES

OPENNESS, TRUST AND INTEGRITY

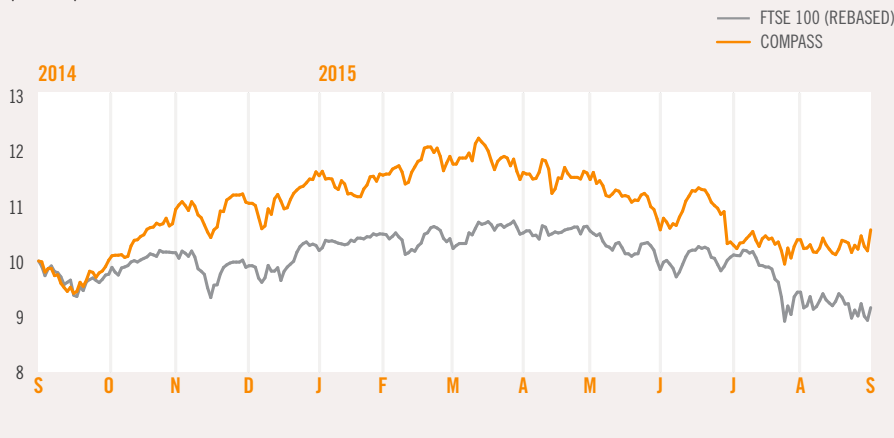
PASSION FOR QUALITY

WIN THROUGH TEAMWORK

RESPONSIBILITY

CAN DO SAFELY

COMPASS GROUP SHARE PRICE PERFORMANCE V THE FTSE 100 INDEX (POUNDS)



“

2015 has been another year of consistent performance for Compass, delivering sustainable organic revenue growth and returns for shareholders. As we look forward, the opportunities for further improvement and value creation remain attractive.

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

### PERFORMANCE

Our commitment to generating sustainable organic growth by winning new contracts and retaining existing business has delivered a strong performance. We have achieved excellent levels of organic growth in North America and emerging markets, despite an uncertain economic environment in some of those countries. Encouragingly, Europe & Japan returned to growth in the first half of the year, with progress accelerating through the second half.

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 deliver an improvement in underlying margin before restructuring costs. These relate to a proactive reduction of the cost base in our Offshore & Remote business globally and in some emerging markets to manage the impact of challenging market conditions.

Richard talks more about the drivers of our performance on page 8 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 19.6 pence per share, which brings the total dividend for the year to 29.4 pence per share, an increase of 10.9% over the prior year. The final dividend will be paid to shareholders on 22 February 2016.

We completed the £500 million share buyback programme, announced on 27 November 2013, on 10 August 2015, buying a total of 48.3 million shares.

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, pursue small to medium sized infill acquisitions and grow the dividend in line with earnings per share. We remain committed to maintaining strong investment grade credit ratings and will therefore 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. The Board is fully committed to the integration of broader social, ethical and sustainable practices across our day to day business. Our teams around the Group work hard to continuously enhance the positive contribution that we make to local communities. We focus on the issues that are important to our business and our stakeholders, from the way we source our products to how we engage with our people and customers. Specifically, 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.

There is more information on our CR performance during the year in the CR section of this report, which starts on page 35.

## OUR PEOPLE

Compass owes its success to its more than 500,000 employees. I would like to thank them all for their dedication and hard work during the year. I'm committed to creating an environment that encourages and enables people to achieve their ambitions and develop the skills they need to do so.

## LEADERSHIP AND BOARD CHANGES

After 11 years with Compass, initially as Group Finance Director and then as Group Chief Operating Officer, Europe & Japan, Andy Martin will stand down from the Board on 1 December 2015. As a result of Andy's departure, Dominic Blakemore will move from his role as Group Finance Director to become Group Chief Operating Officer, Europe from 1 December 2015. Johnny Thomson will succeed Dominic as Group Finance Director from his position as Regional Managing Director of our business in Latin America and will join the Board on 1 December 2015.

Ireena Vittal and Nelson Silva also joined the Group as non-executive directors during the year. Ireena brings to the Board a wealth of experience, particularly of working in India which is an important fast growing and emerging market for Compass. Nelson is currently Senior Vice President responsible for Brazil, Bolivia and Uruguay for BG Group and has over 40 years of international experience in mining, logistics, aluminium and oil and gas industries.

Sir Ian Robinson will retire from the Board at the conclusion of the Company's Annual General Meeting in 2016 after nine years' service. Don Robert became the Senior Independent Director from 1 October 2015 in succession to Sir Ian.

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

## SUMMARY AND OUTLOOK

Compass has had another strong year. North America continues to deliver excellent growth. Our business in Europe & Japan is enjoying a strong recovery as we are rewarded for our investment to accelerate growth in the region. Our Fast Growing & Emerging region continues to perform well despite lower volumes and pricing pressures in the Offshore & Remote sector, and in some emerging markets.

We continue to drive operating efficiencies around the business, which we are partly reinvesting in the growth opportunities we see across the Group. Excluding the £26 million of restructuring costs announced in July, underlying operating margin for the Group improved by 10 basis points.

Our expectations for 2016 are positive and unchanged. The pipeline of new contracts is strong, and the savings from the restructuring, together with the margin improvement in the rest of the Group, are expected to offset the impact of lower volumes and pricing pressures in our Fast Growing & Emerging region.

In the longer term, we remain confident about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, as well as continued returns to shareholders through dividends and ongoing share buybacks.



PAUL WALSH  
Chairman  
24 November 2015

*Corporate  
Responsibility*

➔ Read more on pages 35 to 39



# CUSTOMISED



## SECTORISATION IS A KEY TO OUR SUCCESS

Sectorisation enables us to adapt our offer to different market segments.

This approach is most well developed in North America, where we use our portfolio of B2B brands to customise our services for each client and we now have over 20 sub-sectors. For example, in Healthcare & Seniors we have different sub-sectors for food and support services and for hospitals and senior living communities.



# SOLUTIONS

## STRATEGIC REPORT OVERVIEW

# CREATING LONG TERM VALUE

Food is our core competence and we pride ourselves on our ability to provide clients with a wide range of innovative dining solutions designed especially for them. Our strategy is to generate long term value by leveraging our scale to create a competitive advantage and deliver consistent organic revenue growth and margin improvement.

### IN THIS REVIEW

<p><b>WHAT SECTORS AND REGIONS DO WE OPERATE IN?</b></p> <p>→ pages 6 and 7</p>	<p><b>REGIONAL REVENUE</b></p>  <table border="1"> <tr> <td>1. NORTH AMERICA .....</td> <td>52%</td> </tr> <tr> <td>2. EUROPE &amp; JAPAN .....</td> <td>31%</td> </tr> <tr> <td>3. FAST GROWING &amp; EMERGING .....</td> <td>17%</td> </tr> </table>	1. NORTH AMERICA .....	52%	2. EUROPE & JAPAN .....	31%	3. FAST GROWING & EMERGING .....	17%	<p><b>HOW DID WE PERFORM IN 2015?</b></p> <p>→ page 27</p> <p><b>UNDERLYING REVENUE</b> <b>£17.8bn</b></p>
1. NORTH AMERICA .....	52%							
2. EUROPE & JAPAN .....	31%							
3. FAST GROWING & EMERGING .....	17%							
<p><b>WHAT IS OUR BUSINESS MODEL?</b></p> <div style="display: grid; grid-template-columns: 1fr 1fr;"> <div style="text-align: center;">               SOURCING RESPONSIBLY         </div> <div style="text-align: center;">               PREPARING DELICIOUS DISHES         </div> <div style="text-align: center;">               PROVIDING GREAT SERVICE         </div> <div style="text-align: center;">               INNOVATING         </div> </div> <p>→ page 12</p>	 <p><b>HOW DO WE DEVELOP MORE SUSTAINABLE BUSINESS PRACTICES?</b></p> <p>→ page 35</p>	<p><b>WHAT IS OUR STRATEGY FOR GROWTH?</b></p> <div style="text-align: center;">               FOCUS ON FOOD         </div> <p>→ page 14</p>						
<p><b>WHAT ARE OUR KEY PERFORMANCE INDICATORS?</b></p> <div style="text-align: center;">  </div> <p>→ page 16</p>	<p><b>WHAT ARE OUR RISKS AND HOW DO WE MANAGE THEM?</b></p> <div style="text-align: center;">  </div> <p>→ page 31</p>	<p><b>WHAT ARE THE OPPORTUNITIES WITHIN OUR MARKETS?</b></p> <div style="display: flex; justify-content: space-around;">    </div> <p><b>FOOD SERVICE MARKET SIZE</b> <b>&gt;£200bn</b></p> <p>→ page 11</p>						

## OUR REGIONS

# A BROAD GEOGRAPHIC FOOTPRINT

We have a truly international business, with operations in over 50 countries. Our three geographic regions comprise countries with similar market characteristics or at similar stages of development.

### NORTH AMERICA

North America is our core growth engine accounting for around 50% of the Group's revenue. We are the market leader in the region, and our business continues to deliver excellent levels of growth by combining the cost advantages of our scale with a tailored client facing sector approach. Many of the best practices developed in North America are being successfully replicated across the Group. We are one of the largest employers in North America and were recognised by Forbes in 2015 as one of America's Best Employers.

➔ [Read more on pages 20 and 21](#)



### EUROPE & JAPAN

Our business in Europe & Japan is enjoying a strong recovery. The region has good growth potential with more than 50% of the food service market still to be outsourced. We have invested in sales and retention and, as a result, we are now seeing higher levels of new business wins and increasing retention rates. We are delivering margin improvement through a continued focus on operational efficiencies, particularly food procurement and labour utilisation.

➔ [Read more on pages 22 and 23](#)



### FAST GROWING & EMERGING

Our Fast Growing & Emerging region has excellent long term growth potential. We balance this potential with a disciplined approach to quality assurance programmes, global supply chain standards and corporate governance. Our business has been impacted by lower commodity prices and a weak macroeconomic environment in some emerging markets. We are rightsizing our cost base to reflect these changing market conditions and remain excited about the medium to long term growth prospects of the region.

➔ [Read more on pages 24 and 25](#)



REVENUE (2014: £8,199m)	<b>£9,361m</b>	REVENUE (2014: £5,716m)	<b>£5,469m</b>	REVENUE (2014: £3,143m)	<b>£3,013m</b>
% OF GROUP REVENUE (2014: 48%)	<b>52%</b>	% OF GROUP REVENUE (2014: 34%)	<b>31%</b>	% OF GROUP REVENUE (2014: 18%)	<b>17%</b>
UNDERLYING OPERATING PROFIT (2014: £666m)	<b>£760m</b>	UNDERLYING OPERATING PROFIT (2014: £409m)	<b>£397m</b>	UNDERLYING OPERATING PROFIT BEFORE RESTRUCTURING (2014: £226m)	<b>£218m</b>



## SECTORS AND SERVICES

# BESPOKE SOLUTIONS FOR OUR CLIENTS AND CONSUMERS

We segment our markets into sectors, and sub-sectors, and believe this strategy is an important driver of our success. It encourages the necessary specialisation, ownership and client focus. We have a portfolio of business to business (B2B) brands which we use to differentiate our offering to best meet the needs of our clients and consumers. This approach allows us to develop sector best practices and market leading innovations that are delivered by our teams around the world.

### BUSINESS & INDUSTRY

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, at the best value, on an international scale.



### HEALTHCARE & SENIORS

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 services. With a significant presence in the growing senior living market, we also provide services to residential homes and home meal delivery services.



### EDUCATION

From kindergarten to college, we provide fun, nutritious dining solutions that help support academic achievement at the highest levels. Our simple set of commitments – Eat, Learn, Live – helps us to educate young people about how to have a happy, safe and healthy lifestyle while contributing to a sustainable world.



### SPORTS & LEISURE

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

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, operating in some of the most demanding environments in the world. For our defence sector clients, we are a partner that meets the challenges of running efficient operations outside areas of conflict.



GROUP REVENUE (%)



1. BUSINESS & INDUSTRY .....	38%
2. HEALTHCARE & SENIORS .....	22%
3. EDUCATION .....	17%
4. SPORTS & LEISURE .....	12%
5. DEFENCE, OFFSHORE & REMOTE .....	11%

## CHIEF EXECUTIVE'S STATEMENT

# CREATING SHAREHOLDER VALUE THROUGH DISCIPLINED GROWTH



Compass has had another strong year. Performance in North America continues to be excellent, growth in Europe & Japan is accelerating and, despite some challenges, our Fast Growing & Emerging region continues to perform well.

### Q WHAT WAS REVENUE GROWTH IN THE YEAR?

Revenue for the Group increased by 5.8% on an organic basis. Underlying revenue at reported rates increased by 4.6%, reflecting the strengthening of sterling against many of the Group's key currencies, which was partly offset by the benefit of the strengthening of the US dollar.

New business wins were 8.8%, driven by a strong performance in MAP 1 (client sales and marketing) in North America and Fast Growing & Emerging and accelerating growth in Europe & Japan. Our retention rate improved and is now 94.5%, reflecting our ongoing focus and investment.

We aim to increase consumer participation and spend through MAP 2 (consumer sales and marketing) initiatives. This, combined with a more benign macroeconomic environment in many of our markets, resulted in like for like

revenue growth of 2.5%, reflecting modest price increases and improving volumes in North America and Europe & Japan. In Fast Growing & Emerging, we have seen like for like weakness in some emerging markets and in our Offshore & Remote business.

### Q WHAT ACTIONS ARE YOU TAKING TO ADDRESS THE WEAKNESS IN EMERGING MARKETS AND IN THE OFFSHORE & REMOTE BUSINESS?

On 29 July 2015, we announced that in addition to our ongoing restructuring activities – which partly help us deliver yearly efficiencies – we are proactively reducing the cost base in our Offshore & Remote business globally and in some emerging markets. This incremental restructuring cost of around £50 million will be included in operating profit. In 2015, we incurred a £26 million charge, most of which was for labour cost reductions, with £9 million non-cash. We expect the remaining £20-25 million of restructuring costs to be incurred in 2016.

### Q WHAT HAPPENED TO OPERATING PROFIT AND OPERATING MARGIN IN 2015?

Excluding the impact of the restructuring, organic operating profit increased by 6.5% and the underlying operating margin improved by 10 basis points as we continue to drive efficiencies across the business using our management and performance framework,

MAP. 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 costs). These efficiencies are helping us to invest to support the exciting growth opportunities we see around the world and deliver further margin improvement. After restructuring costs, underlying operating profit increased by 4.6% on a constant currency basis, with the underlying operating margin remaining flat.

### Q DID YOU RETURN SURPLUS CASH TO SHAREHOLDERS IN 2015?

Returns to shareholders continue to be an integral part of our business model. The Group bought back £328 million worth of shares in the year and going forward we will continue to maintain strong investment grade credit ratings, returning any surplus cash to shareholders to target net debt/EBITDA of around 1.5x.

### Q WHAT IS THE GROUP'S STRATEGY?

Food is our focus and our core competence. The food service market is estimated to be more than £200 billion; with only around 50% of the market currently outsourced, it represents a significant opportunity. We believe the benefits of outsourcing become increasingly apparent as economic conditions and regulatory changes put increasing 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. 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 some operations in other parts of the world. This is a complex segment and there are significant differences in client buying behaviour across countries, sectors and sub-sectors.

## Q WHAT IS THE GROUP'S GEOGRAPHIC SPREAD?

We have a truly international business, with operations in over 50 countries. Our three geographic regions comprise countries with similar market characteristics or at similar stages of development.

North America (52% of Group revenue) is likely to remain the principal growth engine for the Group. We have a market leading business, which delivers high levels of growth by combining the cost advantage of our scale with a segmented, client facing sector approach. The outsourcing culture is vibrant and the addressable market is significant.

The fundamentals of our businesses in Europe & Japan (31% of Group revenue) are good and we see many opportunities to drive growth in revenue and margin. Our investment in MAP 1 sales and retention has accelerated our organic revenue growth and we continue to see opportunities to drive efficiencies and make our operations more competitive.

Fast Growing & Emerging (17% of Group revenue) offers excellent long term growth potential. Our largest markets are Australia, Brazil and Turkey, and we are growing rapidly in India and China. Lower commodity prices and a weak macroeconomic backdrop have impacted our Offshore & Remote business and some of our emerging markets in the year. We are in the process of restructuring our business where necessary to adapt to the changing market environment, and remain excited about the attractive long term growth prospects of the region.

In 2016, we will change the way we run the business and will adjust our regional reporting accordingly. Going forward, our three regions will be: North America (unchanged), Europe (including Turkey and Russia) and Rest of World (including Japan). We will publish restated historical financials on 19 January 2016.

## Q WHAT ARE THE GROUP'S MAIN COMPETITIVE ADVANTAGES?

### OUR SECTORISED APPROACH

We segment the market and create sectors and sub-sectors to develop customised dining solutions that meet the requirements of a growing range of clients and consumers. Our portfolio of B2B brands enables us to differentiate these propositions and maximise our market coverage, while benefiting from the cost advantages of scale in food procurement and back office costs.

### OUR SCALE

As we continue to grow, our scale enables 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.

### OUR MAP CULTURE

We speak one common MAP language. All our employees use a simple framework to drive performance across the business. This framework 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 (MAP 4 and 5).

## Q 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 earnings per share; and (iv) maintain strong investment grade credit ratings returning any surplus cash to shareholders to target net debt/EBITDA of around 1.5x.

## Q HOW WOULD YOU SUMMARISE 2015?

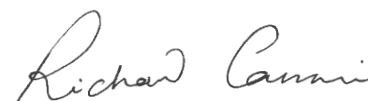
Compass has had another strong year. North America continues to deliver excellent growth. Our business in Europe & Japan is enjoying a strong recovery as we are rewarded for our investment to accelerate growth in the region. Our Fast Growing & Emerging region continues to perform well despite lower volumes and pricing pressures in the Offshore & Remote sector, and in some emerging markets.

We continue to drive operating efficiencies around the business, which we are partly reinvesting in the growth opportunities we see across the Group. Excluding the £26 million of restructuring costs announced in July, underlying operating margin for the Group improved by 10 basis points.

## Q WHAT IS YOUR OUTLOOK FOR 2016?

Our expectations for 2016 are positive and unchanged. The pipeline of new contracts is strong, and the savings from the restructuring, together with the margin improvement in the rest of the Group, are expected to offset the impact of lower volumes and pricing pressures in our Fast Growing & Emerging region.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, as well as continued returns to shareholders through dividends and ongoing share buybacks.



RICHARD COUSINS  
Group Chief Executive  
24 November 2015



# ENGAGING



WE'RE INCREASING OUR INVESTMENT IN DIGITAL TECHNOLOGY TO IMPROVE OUR PERFORMANCE IN MAP 1 AND 2

We're using social media more to engage with consumers; we're making it easier for people to buy, increasing our speed of service with kiosks and mobile payments, and using data analytics to gain greater consumer insights.



# CONSUMERS

## MARKET PERSPECTIVE

# CONTINUING GROWTH POTENTIAL ACROSS SECTORS AND MARKETS

Markets for food and support services continue 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 spread 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 very significant opportunities for growth.

Food service remains at the core of the Compass offer, with an estimated global market value in excess of £200 billion. Business & Industry accounts for around half of this value, and this important sector continues to offer significant growth opportunities. In more developed markets where outsourcing rates are routinely in excess of 60%, our combination of scale, efficiencies and first class delivery supports continued revenue growth. In our Fast Growing & Emerging region, outsourcing rates are still only around 10%, providing enormous opportunity for future growth in our core sector.

The Healthcare & Seniors and Education sectors continue to grow, providing ever greater opportunities for Compass. The combined value of these sectors is in excess of £120 billion, and less than half of this value is currently outsourced. We increasingly see the benefits of operating at scale in these sectors. We are developing operational excellence in areas such as our proposition for hospital visitors and school nutritional meal planning, and by sharing this expertise, we can better serve our clients and consumers across multiple markets.

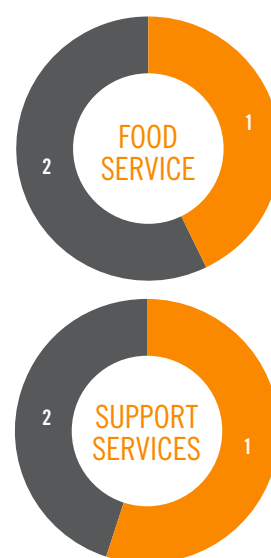
The Defence, Offshore & Remote sector offers significant opportunities to build lasting strategic relationships with large local and international operators. Creating strong client relationships allows us to respond positively to tougher market conditions, for example in the basic commodities sector where we have met client needs and 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 meeting the needs of clients who require a combination of excellent food and support services, without compromising on quality.

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

### OUTSOURCING PENETRATION RATES FOR ADDRESSABLE FOOD AND SUPPORT SERVICES MARKETS



1. OUTSOURCED 2. SELF OPERATED

### FOOD AND SUPPORT SERVICES MARKET SIZE

# >£400bn

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



*Regional review*

→ Read more on pages 20 to 25



*Risks*

→ Read more on pages 31 to 33

## BUSINESS MODEL

# A PROVEN AND SUSTAINABLE BUSINESS MODEL

We source the best ingredients responsibly and make health and safety a way of life, giving our customers confidence in the hygiene and provenance of their food and the safety of our working practices. We aim to make a positive difference to the communities and environments in which we operate, acting responsibly to deliver sustainable results.

### SOURCE

The suppliers we buy from undergo a robust quality assurance process. We have global supply chain standards in place to ensure traceability and provenance through each stage of the chain.

### PREPARE

We are committed to the highest standards of food hygiene and safe working practices. We also look to reduce our impact on the environment by focusing on efficient energy use, minimising water consumption and waste.

### PROVIDE

Our award winning chefs create menus from the highest quality ingredients which are served by our highly trained teams in the most efficient way. Great people give great service, so the development of our people is one of our top priorities.

### INNOVATE

Innovation is integral to our business. We are constantly striving to develop new food concepts, to find more efficient ways to source and to improve the experience of our customers by introducing technologies to, for example, increase the speed of service.

### BENEFITS TO STAKEHOLDERS

This ensures that we use the best ingredients, responsibly sourced, to protect both our suppliers and the environment, which gives our consumers confidence in the quality of the food we provide.

### BENEFITS TO STAKEHOLDERS

We are reducing the impact we have on the environment, increasing the sustainability of our results, supporting the communities in which we operate, while lowering the costs of our operations.

### BENEFITS TO STAKEHOLDERS

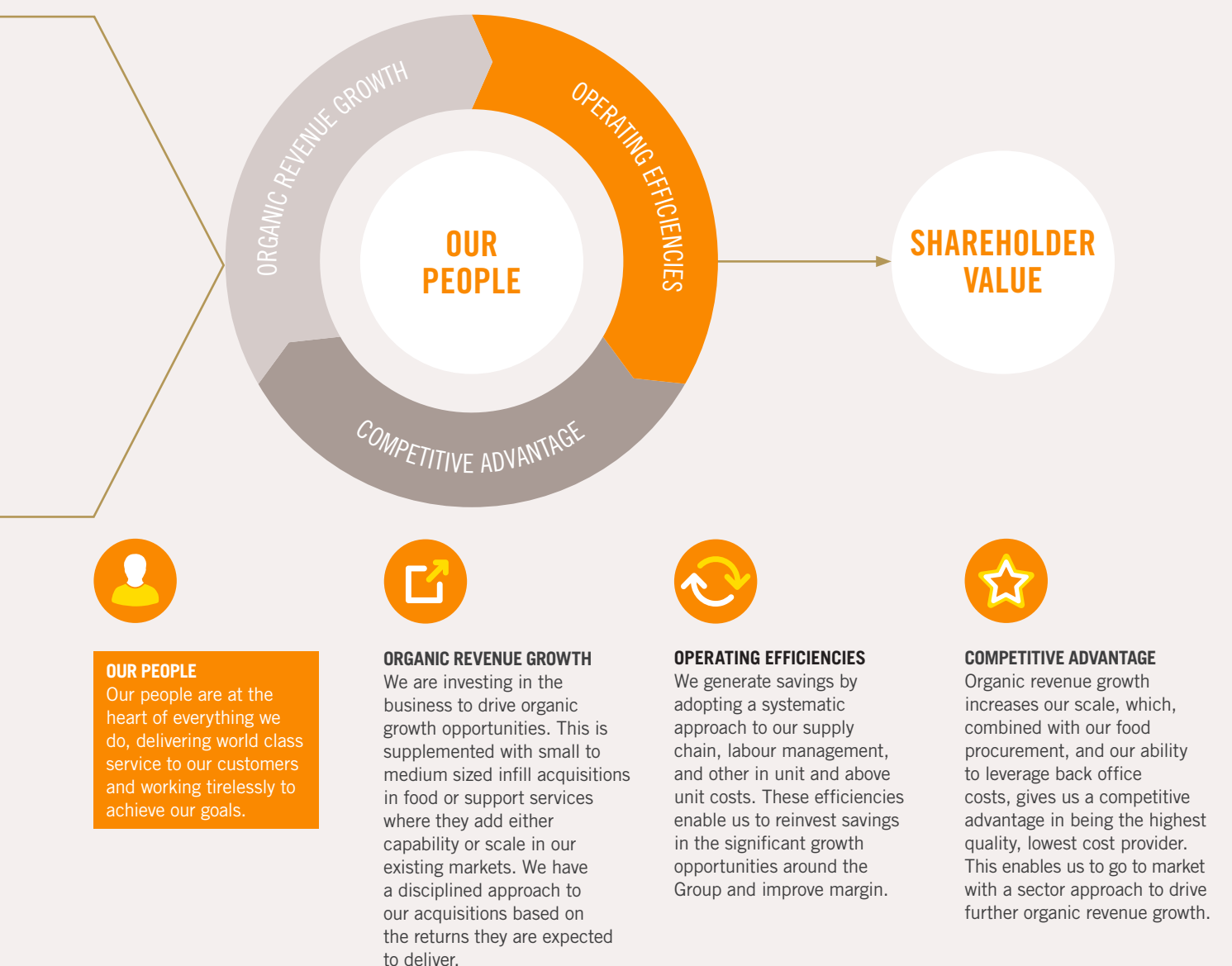
Our consumers get great tasting, nutritious food that exceeds expectations. Our people are supported through training and development, enabling them to contribute to and share in our success.

### BENEFITS TO STAKEHOLDERS

This gives our clients and consumers greater choice and the highest level of service while keeping Compass at the forefront of innovation in the food and support services industry.



We are also constantly innovating what we do and how we do it, and by doing all of this in the most efficient way, we ensure that we increase our competitiveness. This, in turn, underpins our core strategic goals to grow our business organically and to generate efficiencies.



## STRATEGY FOR GROWTH

# A DISCIPLINED APPROACH TO GROWTH

We have a consistent and sustainable strategy. We are committed to delivering shareholder value by providing food and support services to a growing outsourced market. Our principal aim is to grow organically and with discipline. We supplement this growth with small to medium sized infill acquisitions where they deliver new expertise or help us build scale in our existing geographies.



### FOCUS ON FOOD

Food is our core business and it accounts for 83% of our annual revenue. Our teams of award winning chefs, nutrition and health and safety experts allow our clients to focus on their own business needs by outsourcing this responsibility to us, while our size and experience enable us to provide the best quality, most cost effective food offer.



### GEOGRAPHIC SPREAD

We have operations in over 50 countries. This diversifies our revenue sources and allows us to serve multinational businesses, ensuring consistency of quality, service and standards across their organisations.



### SECTORISED APPROACH

We segment the market and customise our offering to ensure we are giving our clients and consumers innovative and market leading dining solutions. We have a diverse portfolio of B2B brands and are able to offer a wide range of dining solutions to best meet our clients' needs.



### MAP CULTURE

We speak one common MAP language. All our employees use a simple framework to drive performance across the business. This framework 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), or managing labour costs and overheads (MAP 4 and 5).

## DRIVING ORGANIC TOPLINE GROWTH

### MAP 1: CLIENT SALES AND MARKETING

In North America, we continue to deliver exceptionally strong net new business and in emerging markets we have been able to harness the structural shift to outsourcing, growing significantly against a backdrop of tough economic conditions. In Europe & Japan, we have invested in sales and retention and, as a result, the region has returned to growth.

### MAP 2: CONSUMER SALES AND MARKETING

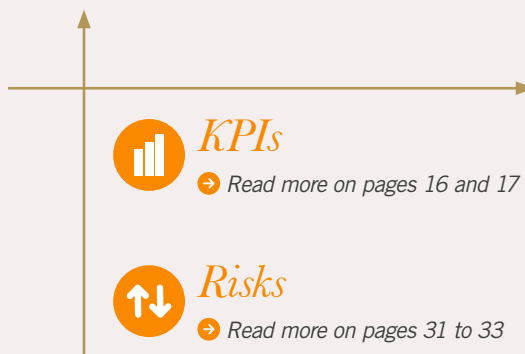
A contributor to organic revenue growth is like for like volume, which is heavily influenced both by the number of people at a client's site and by macroeconomic conditions. We are making good progress with intelligent marketing programmes and training schemes as we work hard to attract and satisfy our customer base with strong consumer propositions. This focus, combined with a more benign macroeconomic environment in many of our markets, resulted in positive volume growth.





### SCALE

As we continue to grow, our scale enables us to achieve our goal of being the lowest cost, most efficient provider of food service. This underpins our competitiveness and enables us to deliver sustainable growth over time.



## 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, 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 still growing revenue.

## KEY PERFORMANCE INDICATORS

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.

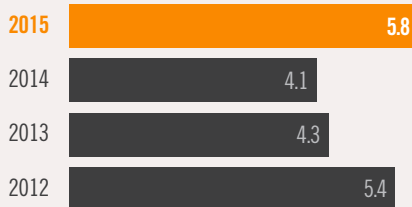
#### STRATEGIC FINANCIAL

##### ORGANIC REVENUE GROWTH (%)

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 (%)

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

##### 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 (%)

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

##### WHY WE MEASURE

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



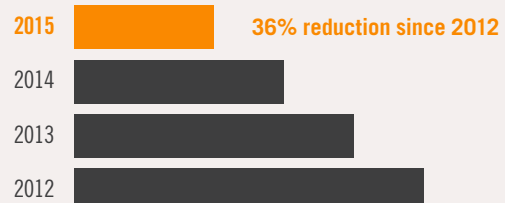
#### NON-FINANCIAL

##### HEALTH AND SAFETY – LOST TIME INJURY PERFORMANCE (%)

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 injuries 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.



## STRATEGIC PRIORITIES



FOCUS ON FOOD



MAP CULTURE



GEOGRAPHIC SPREAD



SCALE



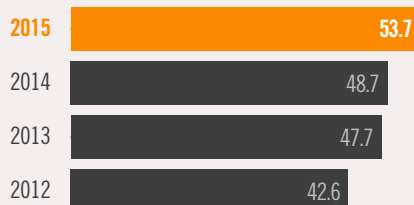
SECTORISED APPROACH

[→ Read more on pages 14 and 15](#)**UNDERLYING BASIC EARNINGS PER SHARE (PENCE)**

Underlying basic earnings per share divides the underlying attributable profit from continuing operations 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 (£m)**

Underlying free cash flow measures cash generated by continuing operations, after working capital, capital expenditure, interest and tax but before acquisitions, disposals, dividends and share buybacks. The cash impact of the European exceptional costs is excluded from underlying free cash flow.

**WHY WE MEASURE**

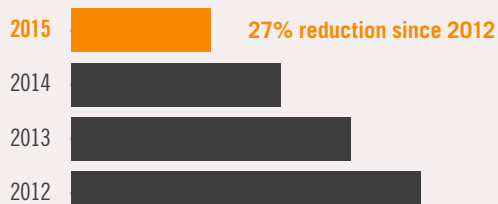
Free cash flow measures the success of the Group in turning profit into cash through the careful management of working capital and capital expenditure. Maintaining a high level of cash generation is important as it supports our progressive dividend policy.

**FOOD SAFETY – FOOD SAFETY INCIDENT PERFORMANCE (%)**

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 (%)**

GHG intensity ratio relating to the top 20 countries, which represent 93% of total Group revenue.

**WHY WE MEASURE**

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





# DRIVING



INNOVATION IS INTEGRAL TO OUR BUSINESS. WE ARE CONSTANTLY STRIVING TO IMPROVE WHAT WE DO

## GIVING CONSUMERS GREATER TRANSPARENCY

In Switzerland, we are giving our consumers a sustainable choice when selecting their meal. Eaternity's software enables us to track the CO<sub>2</sub> footprint of every meal and provide that information to our consumers.



Based on our award-winning Steamplivity cooking system, which steams food and provides tasty, wholesome meals in minutes, we've developed a fine dining offer called Esteem. Using the same unique technology, it enables a wider range of clients and consumers to benefit.



# INNOVATION

## RESPONDING TO TRENDS

Trends don't emerge one day and disappear the next; they continue to evolve and change.

We respond as a global company with local creativity and flair, creating concepts to increase consumer participation, improve satisfaction and make us more efficient wherever we operate.



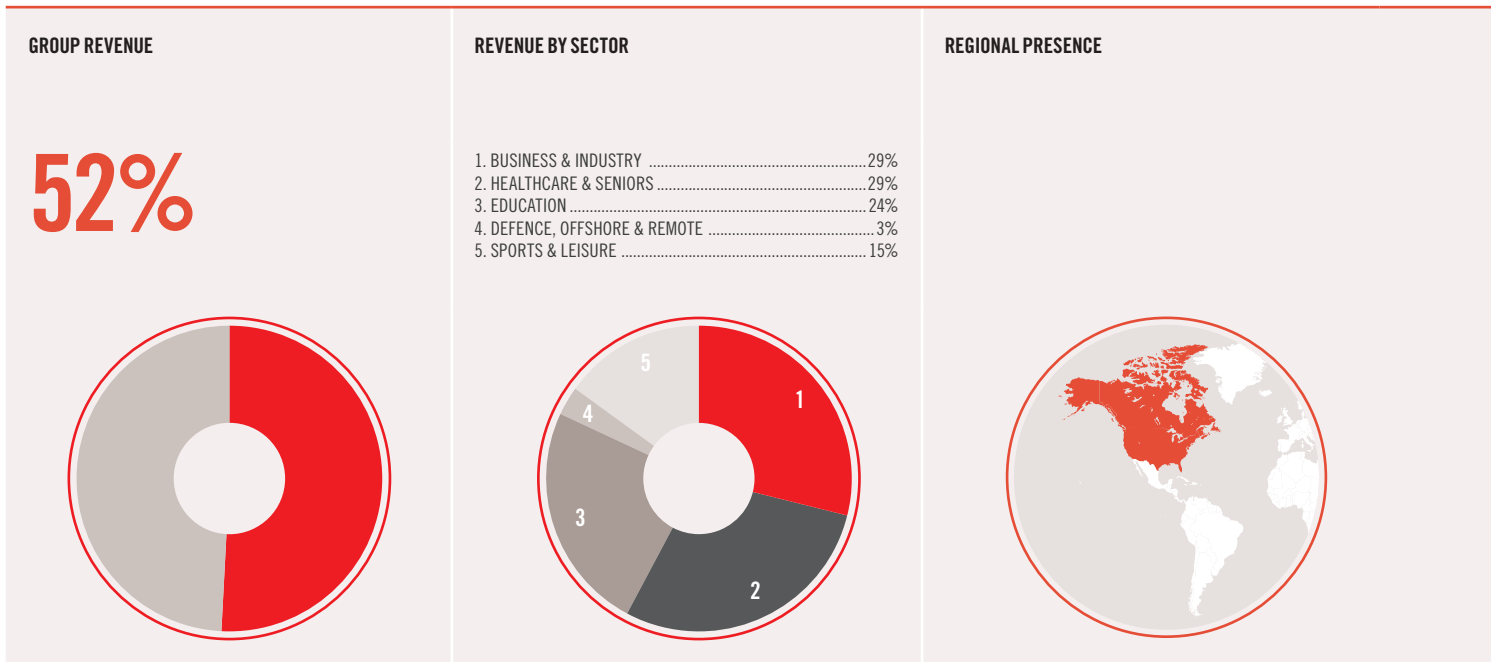
## FORMING INDUSTRY SHAPING PARTNERSHIPS

In the US, we're partnering with Hampton Creek, a revolutionary start up that is reinventing products by replacing eggs with plant-based ingredients. This gives our guests access to more sustainable products without sacrificing taste or increasing the price.

## REGIONAL REVIEW

# NORTH AMERICA

Our North American business has delivered another strong performance with organic revenue growth of 7.9%. This was driven by good new business wins and excellent retention rates. We have seen some like for like volume improvement across most of the business that has been partly offset by volume and price weakness in the Offshore & Remote sector.



Underlying operating profit increased 7.2% on an organic basis, to £760 million. The benefits generated by ongoing efficiency programmes and the leveraging of the overhead base have been reinvested to drive and support the higher levels of growth and offset the impact of lower like for like in the Offshore & Remote sector. As a result, the underlying operating margin for the year remained flat at 8.1%.

Business & Industry has again delivered good levels of net new business, combined with some positive like for like volumes. Contract wins include Kimberly-Clark and Rogers Communications Inc.

In the Healthcare & Seniors sector, organic revenue growth was driven by new contracts for both food and support services, including Genesis Health Systems. We have also expanded our relationship with Community Health Systems through increased locations and services.

Organic revenue growth in the Education sector came from net new business and increased levels of participation. Contract wins include Emory University, Chesterfield County Public Schools and Kennesaw State University.

Our Sports & Leisure business has delivered excellent organic revenue growth with near 100% retention and strong attendance levels at sporting events. Contract wins include the Mapfre Stadium, home of the Columbus Crew Major League Soccer team, and Videotron Centre in Quebec City.

The recent decline in key commodity prices has impacted like for like revenue in the Offshore & Remote business. However, new contracts continue to be won, including Manitoba Hydro and Emera Inc.

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North America remains our core growth engine. Our business there is large and well diversified, and we see exciting structural growth opportunities.

## UNDERLYING REVENUE

£9,361m

## ORGANIC REVENUE GROWTH

+7.9%

## UNDERLYING OPERATING PROFIT

£760m

## UNDERLYING OPERATING MARGIN

8.1%

## OPERATING PERFORMANCE

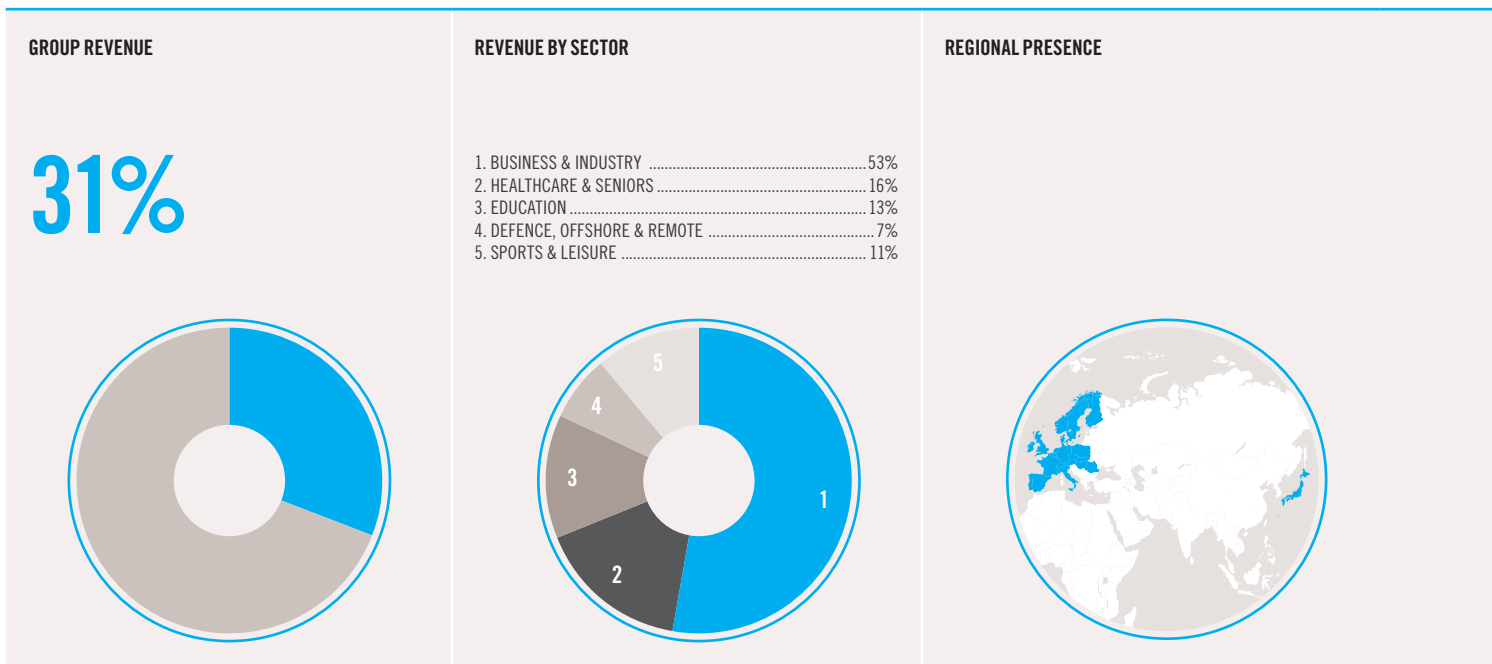
	Underlying		Change		
	2015	2014	Reported	Constant currency	Organic
Revenue	£9,361m	£8,199m	14.2%	7.8%	7.9%
Operating profit	£760m	£666m	14.1%	7.6%	7.2%
Operating margin	8.1%	8.1%	–		
Region as % of Group revenue	52%	48%			



# REGIONAL REVIEW

## EUROPE & JAPAN

The top line momentum seen in the first half of the year continued. As a result, organic revenue growth in Europe & Japan was 1.9% in the full year and nearly 3% in the second half.



This performance was driven by improving rates of net new business, reflecting the investments made over the last two years in our sales and retention teams. Like for like volumes remained broadly flat.

Accelerating levels of new business, especially in the UK, Spain and Japan, combined with improving retention rates across the region, drove the positive net new performance. We have expanded our relationship with several clients including Sony in Japan, Continental in Germany and our defence portfolio in France. We have won new contracts with the Universidad de Navarra and the Rafa Nadal Sports Centre, both in Spain, Weston Park

and Entrust in the UK, and a senior living contract with Le Noble Age in France. Retained contracts include the National College of Technology in Japan, ISE Andalucia in Spain, and the Edinburgh International Conference Centre, Kettering Hospital and the Ricoh Arena in the UK.

Like for like volumes in the UK, Germany and parts of central Europe show an improving trend. However, this is being offset by ongoing weakness in France and our exposure to the oil and gas market in the North Sea.

We continue to focus on operational efficiencies and cost reductions to support the growth we are seeing and to improve the operating margin. As a result, underlying operating profit grew organically by 3.7% to £397 million and the underlying operating margin improved by 10 basis points to 7.3%.



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The fundamentals of our business in Europe & Japan are good and we see many opportunities to drive growth in revenue and margin.

## UNDERLYING REVENUE

£5,469m

## ORGANIC REVENUE GROWTH

+1.9%

## UNDERLYING OPERATING PROFIT

£397m

## UNDERLYING OPERATING MARGIN

7.3%

## OPERATING PERFORMANCE

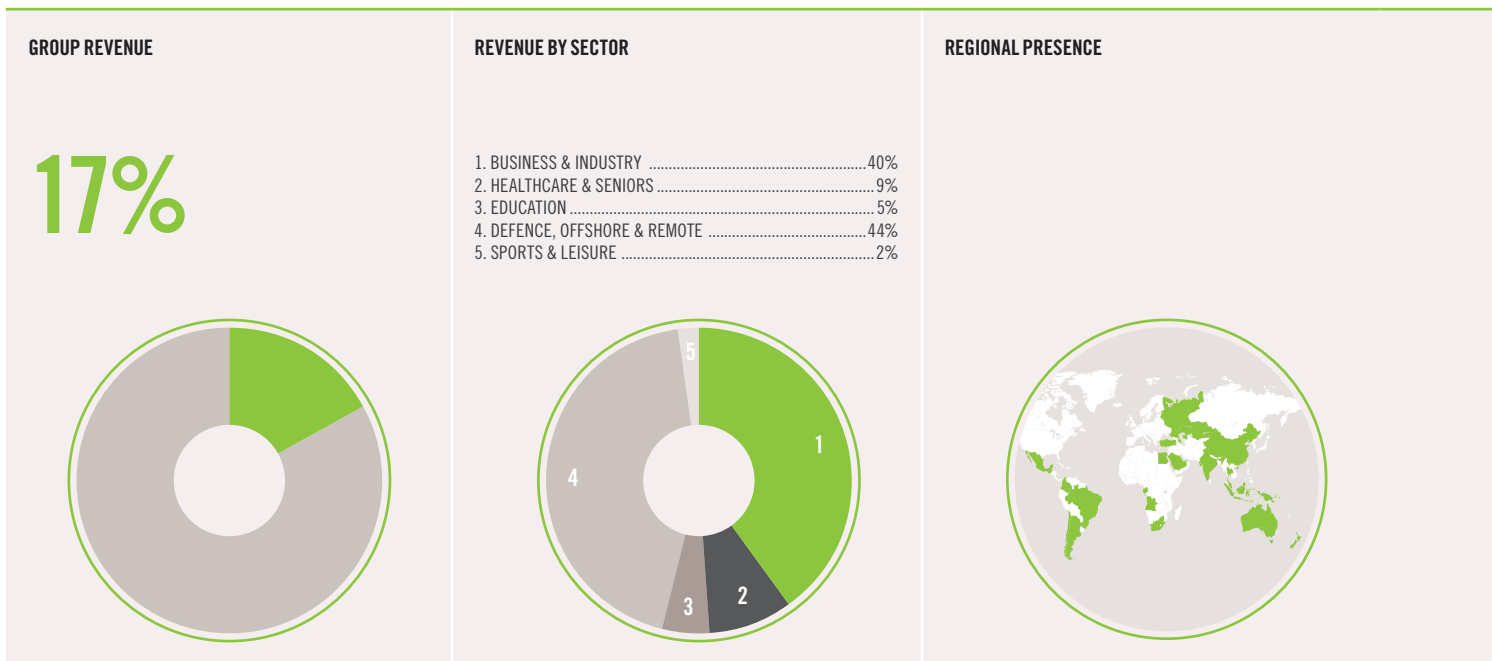
	Underlying		Change		
	2015	2014	Reported	Constant currency	Organic
Revenue	<b>£5,469m</b>	£5,716m	(4.3)%	2.0%	1.9%
Operating profit	<b>£397m</b>	£409m	(2.9)%	3.7%	3.7%
Operating margin	<b>7.3%</b>	7.2%	10bps		
Region as % of Group revenue	<b>31%</b>	34%			



## REGIONAL REVIEW

# FAST GROWING & EMERGING

Organic revenue growth for the region was 6.9%. Emerging markets delivered organic revenue growth of 11% driven by strong new business, which helped mitigate the expected decline in Australia. Underlying operating profit, before restructuring costs, grew organically by 6.8% to £218 million.



Further progress was made in driving operational efficiencies that have been used to support growth and offset the weakness in like for like volumes in some emerging markets and pressures in our Offshore & Remote business across the region. The underlying operating margin remained at 7.2%.

In Australia, the Offshore & Remote business declined by 6%, as expected, with clients reducing headcounts on site, construction projects coming to an end and some production contracts being mothballed. However, as clients look to consolidate their contract portfolios, we have won new business with BHP Billiton to provide support services across several locations and have retained contracts, including Glencore. Other sectors continue to perform well and we have won new business with the University of New England, multisite contracts with both Mars and Nestlé, and Target stores where we have developed an instore café offering.

Our other Offshore & Remote business in the rest of the region has seen some growth driven by new business wins across Latin America, including, in Chile, BHP 7000 and Abengoa, a solar project in the Atacama Desert. This has more than offset the difficult oil and gas environment. Encouragingly, we have just signed a new seven year contract with an existing client to build and operate a new remote camp in our CAMEA region.

Double digit organic revenue growth in each of Brazil and Turkey reflected good new business wins, offset in part by some sharp declines in like for like volumes, driven by challenging macroeconomic conditions. A continued focus on cost efficiencies has helped to partially mitigate the pressure from high cost inflation and declining volumes. New contract wins include the provision of multi services to Grupo Marista and food services to Coca-Cola in Brazil and Doğa schools and Carrefour in Turkey.

A strong new business performance in the Middle East included contracts with Al Ain Hospital, Corniche Hospital, Beach Mall and additional military sites. In South Africa, we have retained contracts with Nedbank and RCL Foods.

Elsewhere in the region, New Zealand enjoyed good levels of organic growth including the signing of a 15 year contract with the government to provide food services to public hospitals and the expansion of our relationship with the Defence force. Double digit organic growth in India and China was driven by new business wins, including SMIC Private School Shanghai and HAECO, an aircraft engineering group, in Hong Kong.

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With over 70% of the market currently estimated to be self operated, the structural growth trends are attractive and we're seeing an accelerating trend to outsourcing.

## UNDERLYING REVENUE

£3,013m

## ORGANIC REVENUE GROWTH

+6.9%

## UNDERLYING OPERATING PROFIT BEFORE RESTRUCTURING

£218m

## UNDERLYING OPERATING MARGIN

7.2%

## OPERATING PERFORMANCE (BEFORE RESTRUCTURING)

	Underlying		Change		
	2015	2014	Reported	Constant currency	Organic
Revenue	£3,013m	£3,143m	(4.1)%	6.1%	6.9%
Operating profit	£218m	£226m	(3.5)%	6.3%	6.8%
Operating margin	7.2%	7.2%	–		
Region as % of Group revenue	17%	18%			





# CONSISTENT



CONSISTENTLY  
DELIVERING QUALITY AND  
SUSTAINABLE ORGANIC  
GROWTH REMAINS OUR  
KEY PRIORITY

Our strategy is focused on the creation of long term value through organic growth and margin improvement. Our sectorised approach allows us to focus on client types and to innovate, while our global reach enables us to spread best practice.



# DELIVERY

# FINANCE DIRECTOR'S STATEMENT

## BUSINESS REVIEW



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2015 has been another strong year with excellent organic revenue growth of 5.8% and margin progression before restructuring costs of 10 basis points.

### FINANCIAL SUMMARY

	2015	2014	Increase/ (Decrease)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
Underlying at constant currency	£17,843m	£16,891m	5.6%
Underlying at reported rates	£17,843m	£17,058m	4.6%
Reported	£17,590m	£16,854m	4.4%
Organic growth	5.8%	4.1%	
<b>Total operating profit</b>			
Underlying, before EM & OR restructuring, at constant currency	£1,322m	£1,239m	6.7%
Underlying at constant currency	£1,296m	£1,239m	4.6%
Underlying at reported rates	£1,296m	£1,245m	4.1%
Reported	£1,261m	£1,214m	3.9%
Organic growth, before EM & OR restructuring	6.5%	5.5%	
<b>Operating margin</b>			
Underlying, before EM & OR restructuring, at reported rates	7.3%	7.2%	+10bps
Underlying at reported rates	7.2%	7.2%	–
Reported	7.1%	7.1%	–
<b>Profit before tax</b>			
Underlying at constant currency	£1,192m	£1,153m	3.4%
Underlying at reported rates	£1,192m	£1,159m	2.8%
Reported	£1,159m	£1,144m	1.3%
<b>Basic earnings per share</b>			
Underlying at constant currency	53.7p	48.4p	11.0%
Underlying at reported rates	53.7p	48.7p	10.3%
Reported	52.3p	48.8p	7.2%
<b>Free cash flow</b>			
Underlying	£722m	£737m	(2.0)%
Reported	£686m	£679m	1.0%
<b>TOTAL GROUP INCLUDING DISCONTINUED OPERATIONS</b>			
Basic earnings per share	52.3p	49.0p	6.7%
Full year dividend per ordinary share	29.4p	26.5p	10.9%

### SEGMENTAL PERFORMANCE

	Underlying revenue		Underlying revenue growth		
	2015 £m	2014 £m	Reported	Constant currency	Organic
<b>CONTINUING OPERATIONS</b>					
North America	9,361	8,199	14.2%	7.8%	7.9%
Europe & Japan	5,469	5,716	(4.3)%	2.0%	1.9%
Fast Growing & Emerging	3,013	3,143	(4.1)%	6.1%	6.9%
Total	17,843	17,058	4.6%	5.6%	5.8%

	Underlying operating profit		Underlying operating margin	
	2015 £m	2014 £m	2015 %	2014 %
<b>CONTINUING OPERATIONS</b>				
North America	760	666	8.1%	8.1%
Europe & Japan	397	409	7.3%	7.2%
Fast Growing & Emerging	218	226	7.2%	7.2%
Unallocated overheads	(66)	(65)		
Total before associates and EM & OR restructuring	1,309	1,236	7.3%	7.2%
Associates	13	9		
Total before EM & OR restructuring	1,322	1,245		
EM & OR restructuring	(26)	–		
Total	1,296	1,245		

Definitions of underlying measures of performance can be found in the glossary of terms on page 160.

## FINANCE DIRECTOR'S STATEMENT CONTINUED

### REVENUE

Organic revenue growth for the year was 5.8%, comprising new business of 8.8%, a retention rate of 94.5% and like for like growth of 2.5%. The weakening of sterling against the US dollar has been more than offset by its strength against the majority of the Group's other key currencies, giving rise to a 1% negative impact from currency translation. Underlying revenue at reported rates therefore grew by 4.6%.

### OPERATING PROFIT

Underlying operating profit after restructuring was £1,296 million (2014: £1,245 million), an increase of 4.1%. If we restate 2014's profit at the 2015 average exchange rates for the year, it would reduce by £6 million. On a constant currency basis, underlying operating profit has therefore increased by £57 million, or 4.6%.

### EMERGING MARKETS AND OFFSHORE & REMOTE (EM & OR) RESTRUCTURING

The Group has incurred a £26 million charge in the year as a result of reducing the cost base in our Offshore & Remote business globally and in some emerging markets. The cost relates to headcount reductions (£17 million) and onerous contract provisions (£9 million). Excluding these restructuring costs, underlying operating profit would have been £1,322 million, an increase of £83 million or 6.7% on a constant currency basis.

### FINANCE COSTS

The underlying net finance cost was £104 million (2014: £86 million), including a £5 million (2014: £7 million) charge relating to the pension deficit. The increase reflects a full year of the additional debt required to finance the £1 billion Return of Cash to shareholders in July 2014. For 2016, we expect an underlying net finance cost of around £110 million. This equates to an effective interest rate of around 3.5% on gross debt.

### INCOME TAX EXPENSE

Income tax expense from continuing operations was £282 million (2014: £276 million).

On an underlying basis, the tax charge was £292 million (2014: £293 million), equivalent to an effective tax rate of 24.5% (2014: 25.3%). The reduction largely reflects the fall in the UK corporate tax rate. We expect the tax rate to be around the same level in 2016.

	Attributable profit		Basic earnings per share		
	2015 £m	2014 £m	2015 pence	2014 pence	Change %
Reported	869	865	52.3	49.0	6.7%
Discontinued operations	–	(3)	–	(0.2)	–
Other adjustments	23	(2)	1.4	(0.1)	–
Underlying	892	860	53.7	48.7	10.3%
Currency	–	(5)	–	(0.3)	–
Constant currency	892	855	53.7	48.4	11.0%

### BASIC EARNINGS PER SHARE

Basic earnings per share, including discontinued operations, were 52.3 pence (2014: 49.0 pence).

On an underlying basis, the basic earnings per share were 53.7 pence (2014: 48.7 pence). After adjusting for currency movements, basic earnings per share increased by 11%.

### DIVIDENDS

It is proposed that a final dividend of 19.6 pence per share be paid on 22 February 2016 to shareholders on the register on 22 January 2016. This will result in a total dividend for the year of 29.4 pence per share (2014: 26.5 pence per share), a year on year increase of 10.9%. The dividend is covered 1.8 times on an underlying earnings basis. We remain committed to growing the dividend in line with earnings and maintaining this level of cover.

### FREE CASH FLOW

Free cash flow totalled £686 million (2014: £679 million). During the year, we incurred a £36 million outflow in respect of the European exceptional programme (2014: £58 million). Adjusting for this, free cash flow on an underlying basis was £722 million (2014: £737 million).

Underlying gross capital expenditure of £507 million (2014: £471 million) is equivalent to 2.8% of underlying revenues (2014: 2.7% of underlying revenues), slightly above the historic rates as we invest in the return of Europe to growth. We believe this rate will continue. In addition, in 2016 we will be investing in a camp in our CAMEA region as part of a long term contract extension with an existing client. We expect that capex in 2016 will therefore be around 3% of underlying revenues.

Excluding pensions and provisions, trade working capital has increased by £17 million (2014: £14 million) as changes in terms and growth in the emerging markets offset the natural inflow from growth in North America.

Looking forward, annual trade working capital movements are expected to average out at a small outflow. In 2016 we will also have a negative impact of around £70 million due to the timing of our payroll run in September in the USA and UK. This will reverse in 2018.

The cash outflow of £59 million (2014: £46 million) on post-employment benefit obligations largely reflects payments agreed with trustees to reduce deficits on defined benefit pension schemes. These regular deficit repayments are expected to continue going forward.

The underlying cash tax rate for the year was 20% (2014: 23%). The rate was slightly lower than the short to medium term expected level in the mid-20s.

The net interest outflow for the year was £93 million (2014: £71 million), reflecting the higher level of debt following the £1 billion Return of Cash to shareholders in July 2014.

### ACQUISITION PAYMENTS

The total cash spend on acquisitions in the year, net of cash acquired, was £89 million (2014: £128 million). This includes £74 million of infill acquisitions, £2 million on acquisition transaction costs and £13 million of deferred consideration relating to prior years' acquisitions.

### RETURN ON CAPITAL EMPLOYED

Return on capital employed was 19.1% (2014: 19.3%) based on underlying operations, net of tax at the effective underlying rate of 24.5% (2014: 25.3%), and excluding the Group's non-controlling partners' share of total operating profit. The average capital employed was £5,093 million (2014: £4,799 million), based on the 12 month average net assets, adding back net debt, post-employment benefit obligations (net of associated deferred tax), amortised intangibles arising on acquisition and excluding the Group's non-controlling partners' share of net assets.

## 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's pension deficit at 30 September 2015, calculated in accordance with IAS 19, for all Group defined benefit schemes was £9 million (2014: £170 million). The total pensions charge for defined contribution schemes in the year was £84 million (2014: £85 million) and £21 million (2014: £19 million) for defined benefit schemes. Included in the defined benefit scheme costs was a £5 million charge to net finance cost (2014: £7 million).

## PURCHASE OF OWN SHARES

During the year, the Group purchased shares for a consideration of £328 million to complete the £500 million share buyback programme announced in November 2013.

## RELATED PARTY TRANSACTIONS

Details of transactions with related parties are set out in note 31. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

## FINANCIAL POSITION

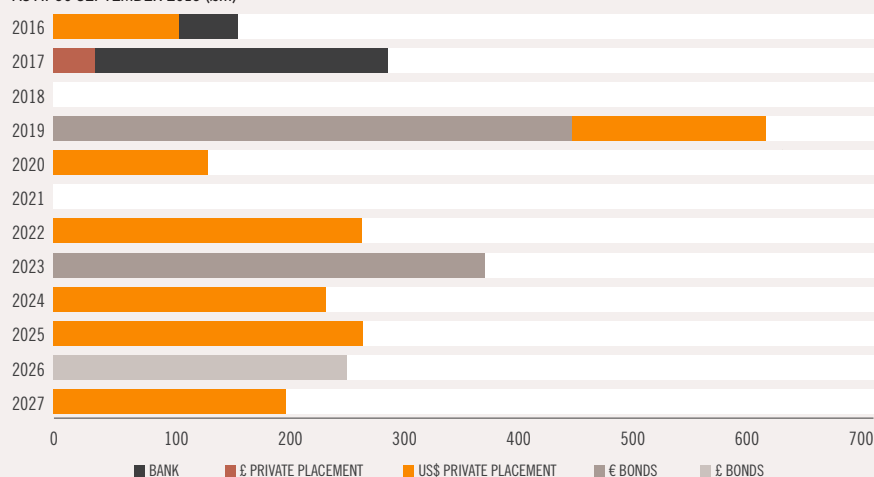
The ratio of net debt to market capitalisation of £17,446 million as at 30 September 2015 was 15% (2014: 14%).

At the end of the year, net debt was £2,603 million (2014: £2,371 million).

## 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 2015 shows that the average period to maturity is 6.2 years.

### FINANCING – MATURITY PROFILE OF PRINCIPAL BORROWINGS AS AT 30 SEPTEMBER 2015 (£m)



- 1 Based on borrowings and facilities in place as at 30 September 2015, maturing in the financial year ending 30 September.
- 2 The average life of the Group's principal borrowings is 6.2 years (2014: 6.1 years).

The Group's undrawn committed bank facilities at 30 September 2015 were £1,000 million (2014: £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.

## 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 are either 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.

## FINANCE DIRECTOR'S STATEMENT CONTINUED

### 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 and its shareholders.

The principal risks and uncertainties that face the business and the activities the Group undertakes to mitigate these are set out on pages 31 to 33 of the Annual Report.

### SHAREHOLDER RETURN

The market price of the Group's ordinary shares at the close of the financial year was 1053.00 pence per share (2014: 996.50 pence per share).

### 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 19 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 customers 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 despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. 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 31 to 33 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 2018.

The directors have determined that a three year period to 30 September 2018 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 a 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 1.5% of Group revenue and our top 10 clients account for less than 6% 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.



**DOMINIC BLAKEMORE**  
Group Finance Director  
24 November 2015



## PRINCIPAL RISKS

# IDENTIFYING AND MANAGING RISK

The Board continues to take a proactive approach to recognising 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 32 and 33 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. In accordance with the provisions of the UK Corporate Governance Code 2014, 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 page 30 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](http://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 32 and 33 on those risks that are currently considered to be more significant to the Group.

## PRINCIPAL RISKS CONTINUED

### CHANGE IN RISK KEY



INCREASED RISK



DECREASED RISK



CONSISTENT RISK

### HEALTH AND SAFETY

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
<b>HEALTH AND SAFETY</b> 	<p>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.</p>	<p>All management meetings throughout the Group feature a health and safety update as their first agenda item.</p> <p>Health and safety improvement KPIs are included in the annual bonus plans for each of the business' management teams.</p> <p>The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards.</p> <p>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.</p>

### CLIENTS AND CONSUMERS

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
<b>CLIENT AND CONSUMER SALES AND RETENTION</b> 	<p>Our business relies on securing and retaining a diverse range of clients.</p>	<p>We have strategies which strengthen our long term relationships with our clients and consumers based on quality, value and innovation.</p> <p>Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.</p>
<b>BIDDING</b> 	<p>Each year, the Group could bid for a large number of opportunities.</p>	<p>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.</p>
<b>SERVICE DELIVERY AND CONTRACTUAL COMPLIANCE</b> 	<p>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.</p>	<p>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.</p>
<b>COMPETITION</b> 	<p>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.</p>	<p>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.</p>

### PEOPLE

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
<b>RECRUITMENT</b> 	<p>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.</p>	<p>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.</p>
<b>RETENTION AND MOTIVATION</b> 	<p>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.</p>	<p>The Group has established training, development, performance management and reward programmes to retain, develop and motivate our best people.</p> <p>The Group has a well established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.</p>

## ECONOMIC AND POLITICAL ENVIRONMENT

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
<b>ECONOMY</b> ↑	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.
<b>COST INFLATION</b> ↑	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 Turkey and 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.
<b>POLITICAL STABILITY</b> →	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.	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

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
<b>COMPLIANCE AND FRAUD</b> →	Ineffective compliance management with 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.	<p>The Group's zero tolerance based Codes of Business Conduct and Ethics govern all aspects of our relationships with our stakeholders. All alleged breaches of the Codes, including any allegations of fraud, are investigated.</p> <p>The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls.</p> <p>Regulation and compliance risk is also considered as part of our annual business planning process.</p>
<b>TAX COMPLIANCE</b> ↑	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

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
<b>INFORMATION SYSTEMS AND TECHNOLOGY</b> ↑	The digital world creates many risks for a global business including technology failures, loss of confidential data and damage to brand reputation.	<p>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.</p> <p>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.</p> <p>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.</p>



# MANAGING COMPLEXITY



## GLOBAL STANDARDS, LOCAL SOURCING

Our refreshed global Supply Chain Integrity Standards are increasing our visibility on where products come from, as well as reducing the complexity of how we source them.



# REDUCING RISK

## OUR RESPONSIBILITIES

# MANAGING COMPLEXITY, REDUCING RISK

The Group's strategy and approach to corporate responsibility (CR) are well aligned as we improve the business operating model to reflect more sustainable practices. CR is a keystone of our commitment to provide the highest quality service to our customers. Within CR, the safety of our colleagues and consumers is our number one operational priority. Our Safety First programme is built on one powerful idea: everyone in our business takes ownership for safety – every day.

During the year, we refreshed our CR strategy and engaged with our stakeholders to ensure that we continue to address those business impacts that are important to them. Increasingly, stakeholders believe that well

managed companies will deliver sustainable competitive advantage and long term shareholder value. Their insights help us to better understand emerging issues and progressively refine our approach to managing environmental and social risks and

opportunities. Our approach is simple: to create clear global policies and frameworks to ensure alignment, understanding and commitment in all our markets around four areas that are fundamental to our success.

### HEALTH & WELLBEING

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

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

- Provide nutritious food
- Signpost healthy choices
- Build healthier lives

### 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.

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

- Provide safe food
- Source responsibly and sustainably
- Trade fairly and ethically

### 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, motivated and productive is an essential component of our business model.

- Provide a safe workplace
- Create great career opportunities
- Offer fair employment

### ENVIRONMENT

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

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

- Measure and report our environmental performance
- Manage energy use
- Reduce food waste

## PROGRESS

We continue to make good progress against our CR commitments, including updating our review of material impacts to our business, to help us better assess our key business risks and opportunities. We have also improved the scope and accuracy of our non-financial performance data, which is helping us to gain greater visibility in each of the markets in which we operate, more accurately assess the level of compliance with global policies and identify any potential risks.

Increasingly, our customers are seeking assurances that the products they consume come from safe, ethical and sustainable sources. Working with colleagues from around the world, we have refreshed our global Supply Chain Standards to include improved controls, designed to protect the integrity of our supply chain, including enhanced policies on human trafficking and slavery, animal welfare and the use of palm oil. Our success as a business is dependent on us having a well-trained,

motivated workforce and we have further improved our measurement and reporting of people focused performance indicators: employment opportunities, learning and development and human rights.

For a summary of our achievements, please go to pages 36 to 39, or for a more detailed review of our performance, visit our CR site at [www.compass-group.com/cr15](http://www.compass-group.com/cr15).

RETENTION RATE OF UK APPRENTICES  
(2,491 APPRENTICES)

86%

EMPLOYEES SURVEYED WHO BELIEVE THE  
COMPANY IS A GOOD CORPORATE CITIZEN

75%

IMPROVEMENT IN OUR LOST TIME INJURY  
RATE PERFORMANCE (SINCE 2008)

56%

GHG INTENSITY IN 2015  
(tCO<sub>2</sub>e PER £m REVENUE)

6.7

## OUR CR COMMITMENTS AND PROGRESS

### BASIS FOR CONSOLIDATION

- 1 KPI relates to our global performance
  - 2 KPI relates to our top 20 countries representing 93% of total Group revenue
  - 3 KPI relates to our top 30 countries representing 98% of total Group revenue
- All targets relate to data capture ending 30 September for the year stated.











### PERFORMANCE KEY



TARGET ACHIEVED



TARGET IN PROGRESS

		KEY PERFORMANCE INDICATOR	2014–2015 TARGET	2014–2015 PERFORMANCE
<b>SOURCE</b> 	<b>SUPPLY CHAIN INTEGRITY<sup>1,2</sup></b>	% of countries adopting our global Supply Chain Standards	100% implementation by 2015	
		% of contracted approved suppliers who have signed the Compass Code of Business Conduct	100% of contracted approved suppliers to sign the Compass Code of Business Conduct by 2015	
		% of countries with programmes in place to support: <ul style="list-style-type: none"> <li>• sustainable fish/seafood</li> <li>• Fairtrade and ethically sourced products</li> <li>• locally sourced products</li> </ul>	Report % of countries	
		% of expenditure on tea, coffee, sugar and bananas from ethical or Fairtrade sources	Report % of expenditure	
<b>PREPARE</b> 	<b>ENERGY EFFICIENCY<sup>2</sup></b>	Reduction in total Greenhouse Gas (GHG) emissions	20% reduction in carbon emissions intensity by 2017	
			Report total direct GHG emissions – metric tonnes	
	<b>WATER EFFICIENCY<sup>2</sup></b>	Water consumption by our corporate offices	20% reduction by 2017	
		% increase in spend on concentrated cleaning chemicals as a % of total chemical spend	25% increase in spend on concentrated cleaning chemicals by 2015	



## Interested to know more?

Find out about our CR activities around the world, together with global policies and performance statistics on our CR website at [www.compass-group.com/cr15](http://www.compass-group.com/cr15)

### 2014–2015 REVIEW

During the year, we have evolved our global Supply Chain Standards to provide greater emphasis on supplier assurance and product traceability. The new global Supply Chain Integrity Standards will be progressively rolled out across all markets during 2016.

The Standards include sustainable sourcing requirements that our procurement teams will be adopting in their markets.

We continue to ensure that all approved suppliers sign up to the Compass Code of Business Conduct. Such a requirement supports our alignment with the new Modern Slavery Act 2015.

Increasingly, our customers are seeking assurances that the products they consume are sourced ethically and sustainably. 2014 was our first year for collating data against this KPI. 17 countries from our top 20 markets confirmed that they had sustainable and ethical sourcing programmes in place. In 2016, we need to make more progress in improving the availability of data for the remaining top 20 countries.

In 2015, we collated and analysed data from countries to form our baseline against this KPI. The analysis demonstrated that 18 countries purchase products from Fairtrade or ethical sources. During the coming year we will work to improve the accuracy of spend data by product.

The trend across our operations is positive and we continue to show improvements in intensity being achieved against the 2008 baseline ratio of 7.8 (tonnes CO<sub>2</sub>e/£m revenue).

We have calculated our Scope 1 & 2 GHG emissions since 2008 and use a web-based system to collate country data, which supports greater transparency and accuracy of data.

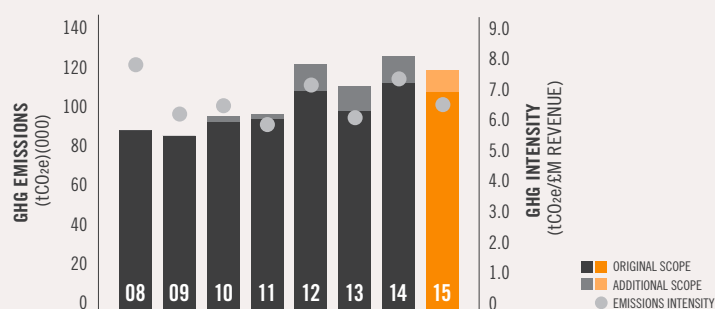
GHG emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location based Scope 2 calculation method, together with the latest emission factors from recognised public sources including, but not limited to, Defra/DECC, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

Compass Group's disclosure in accordance with the Companies Act 2006 is stated in the table below:

GHG emissions by scope	Unit	Quantity 2014-2015	Quantity 2013-2014
Scope 1	Tonnes CO <sub>2</sub> e	109,869	115,406
Scope 2	Tonnes CO <sub>2</sub> e	8,903	10,256
Scope 1 & 2 intensity	Tonnes CO <sub>2</sub> e/£m revenue	6.7	7.4

As a result of a 5.5% reduction in absolute emissions and an increase in revenue, GHG intensity has decreased by 9.6% since 2013-2014.

The reporting of GHG emissions covered 93% of consolidated Group revenue and we are seeking continuous improvement in data entry and completeness in future years.



In 2015, we extended the scope of reporting via a web based reporting system deployed in 2014, to include additional locations where Compass has direct control, such as laundries and central production units. We will continue to focus on improving the accuracy of data from these sites in 2016.

This year, we collated and analysed spend data from countries to form our baseline against this KPI (c.25% of total cleaning chemical spend relates to concentrated cleaning chemicals, which require less water consumption). We identified that 10 countries have more work to do to accurately report their spend data, and we will report on our progress in 2016.

### KPI TARGET

100% implementation of the new global Supply Chain Integrity Standards by 2017

100% of suppliers approved in 2016 will sign up to the Compass Code of Business Conduct

Report % of countries with programmes in place to support:

- sustainable fish/seafood
- Fairtrade and ethically sourced products
- locally sourced products

Report % of expenditure on tea, coffee, sugar and bananas from ethical or Fairtrade sources

20% reduction by 2017 (against 2008 baseline)

Report total direct GHG emissions – metric tonnes

#### TARGETS 2017+

In order to reflect our ambitions to limit our environmental impact we will be applying Science-Based Targets (SBT) for energy and carbon reduction from next year. SBTs will bring our carbon reduction targets into line with climate science and the need to reduce emissions between now and 2050 in order to limit global temperature rise by 2°C above pre-industrial levels – the 2 degrees scenario.

We are investigating the Sectoral Decarbonisation Approach (SDA) methodology which has been developed by the UN Global Compact, Carbon Disclosure Project, World Resource Institute and WWF. Using International Energy Agency projections, SDA allocates a carbon budget in line with a 2 degrees scenario for each sector, and therefore takes into account the differences in mitigation potential (for instance the decarbonisation of the electricity grid) and activity growth across these sectors.

The SDA methodology will allow us to set shorter term carbon emissions targets whilst planning for longer term reductions out to 2050. In 2016 we will communicate our revised carbon emissions targets for 2017+.

20% reduction by 2017 (against 2008 baseline)

25% increase in spend on concentrated cleaning chemicals as a % of total chemical spend by 2017

## OUR CR COMMITMENTS AND PROGRESS CONTINUED

### BASIS FOR CONSOLIDATION

- 1 KPI relates to our global performance
  - 2 KPI relates to our top 20 countries representing 93% of total Group revenue
  - 3 KPI relates to our top 30 countries representing 98% of total Group revenue
- All targets relate to data capture ending 30 September for the year stated.

### PERFORMANCE KEY



TARGET ACHIEVED



TARGET IN PROGRESS

		KEY PERFORMANCE INDICATOR	2014–2015 TARGET	2014–2015 PERFORMANCE
	GENERAL WASTE REPORTING <sup>2</sup>	% of waste generated by Compass offices diverted from landfill	25% improvement by 2017	
		% of units where cooking oil is recovered/recycled	Report % of units where cooking oil is recovered/recycled	
	FOOD WASTE <sup>3</sup>	Implement Trim Trax (or equivalent food waste reduction programmes)	100% implementation across our top 30 countries by 2015	
<b>PROVIDE</b> 	FOOD SAFETY <sup>1</sup>	Global Food Safety Incident Rate (FSIR)	Report % improvement	
	OCCUPATIONAL HEALTH AND SAFETY <sup>1</sup>	Global Lost Time Injury Rate (LTIR)	Report % improvement	
		% of employees surveyed in our global Your Voice survey who believe the Company places a high priority on health and safety	n/a	n/a
	EMPLOYEE RETENTION <sup>2</sup>	Employee retention rate for all employees: <ul style="list-style-type: none"> <li>• total employees</li> <li>• management</li> <li>• unit management</li> </ul>	Report % improvement of: <ul style="list-style-type: none"> <li>• total employees</li> <li>• management</li> <li>• unit management</li> </ul>	  
	DIVERSITY <sup>1</sup>	% of women holding global leadership team positions	Report % representation	
		% of female representation in the global workforce	Report % representation	
	BUSINESS ETHICS <sup>1</sup>	Total number of concerns reported by employees globally, via Speak Up	Measure and report concerns with 100% follow up	
	EMPLOYEE ENGAGEMENT <sup>1</sup>	Global Your Voice survey: <ul style="list-style-type: none"> <li>• participation rate</li> <li>• engagement rate</li> </ul>	n/a n/a	n/a n/a
<b>INNOVATE</b> 	WELLBEING <sup>2,3</sup>	The number of units providing Balanced Choices (or equivalent healthy eating programmes) to their consumers	Report % of units	
		% of units offering nutritional advice to consumers	Report % of units	
		% of countries operating a sugar, salt and fat reduction programme	Report % of countries	







## Interested to know more?

Find out about our CR activities around the world, together with global policies and performance statistics on our CR website at [www.compass-group.com/cr15](http://www.compass-group.com/cr15)

### 2014–2015 REVIEW

### KPI TARGET

<p>In 2015, we continued our focus on improving the accuracy of data reported by countries, including the composition of our waste, by collaborating with our waste contractors. This enables us to track progress on the proportion of waste being recycled.</p> <p>Our analysis shows that 75% of units have their used cooking oil recycled, a proportion of which is converted into biodiesel.</p>	<p>25% improvement by 2017 (against 2011 baseline)</p> <p>Report % of units where cooking oil is recovered/recycled</p>
<p>We have extended the implementation of our food waste reduction programmes and in 2015, 25 countries now operate a food waste reduction programme.</p>	<p>100% implementation of food waste reduction programmes across our top 30 countries by 2016</p>
<p>Compared to the 2008 baseline, we have improved our food safety performance on a global basis by 52%, through strong unit compliance with our global Food Safety Standards.</p>	<p>Report % improvement (against 2008 baseline)</p>
<p>We achieved further improvement in our global Lost Time Injury Rate, with a reduction of 56% in the number of incidents compared to the 2008 baseline. Our ongoing commitment to implement programmes to improve safety leadership and culture underpins this success. However, we are not complacent and continue to look for ways to make what we do safer and work with colleagues and clients to drive improvement. This year, we have further developed our Safety First portal, which enables countries to share and implement best practice initiatives more easily, to support employee engagement in the prevention of incidents.</p> <p>We are pleased that so many of our employees (80% of employees surveyed in 2013) believe that health and safety is our number one operational priority (2011: 79%).</p> <p>Sadly, we had three work related employee fatalities. Two were as a result of motor vehicle accidents and the third occurred at a client site. As part of our commitment for continuous improvement, we have identified lessons learned.</p>	<p>Report % improvement (against 2008 baseline)</p> <p>Report % improvement (against 2013 survey)</p>
<p>This year, we achieved a total employee retention rate of 83% (2014: 83%, 2013: 82%). In 2016, we will extend the scope of reporting for this KPI to our top 30 countries.</p>	<p>Report % improvement (against 2012 baseline) of employee retention:</p> <ul style="list-style-type: none"> <li>• total employees</li> <li>• management</li> <li>• unit management</li> </ul>
<p>23% of our global leadership team positions are held by women (2014: 23%, 2013: 22%).</p> <p>Women make up 57% of our global workforce. In accordance with the Companies Act 2006, you will find more information on employee diversity on page 58.</p>	<p>Report % of female representation in the global leadership team</p> <p>Report % of female representation in the global workforce</p>
<p>All our countries have access to the independently operated Speak Up whistleblowing programme, which enables employees to report material concerns for review and follow up. There is a clear escalation process in place to consider each concern raised. Where appropriate, a full investigation and remedial actions are taken.</p>	<p>Measure and report concerns with 100% follow up</p>
<p>We have conducted a global Your Voice employee survey every two years. Going forward, we have decided to change the way in which we collect employee engagement data from countries. During this year of transition we have not performed the planned global survey; however, we will provide an update in our 2016 report on our future employee engagement plans.</p>	<p>Report % participation rate</p> <p>Report % engagement rate</p>
<p>The health and wellbeing of our consumers is important to us. We are committed to educating and informing people about food – empowering them to make informed choices about how to achieve a healthier lifestyle. For example, our programmes, such as Know Your Food in our UK business, provide educational material around key health topics, seasonal produce and sustainable and ethical sourcing initiatives. In 2015, we extended the scope of this KPI to include the top 30 countries and our analysis demonstrates that 66% of units currently operate healthy eating programmes.</p> <p>We are the only food service company to have signed up to all seven of the food service pledges of the UK Government's Responsibility Deal, and we take an active role in the Responsibility Deal Plenary Group.</p> <p>Increasingly, we are providing our consumers with access to fitness apps linked to our menus, making it quick and easy for them to track their calorie intake and physical activity during the day.</p>	<p>100% of units providing Balanced Choices or similar healthy eating programmes to their consumers by 2016</p> <p>Report % of units</p> <p>Report % of countries</p>



## OUR BOARD



### 1 PAUL WALSH <sup>○</sup> <sup>△</sup> <sup>c</sup>

**CHAIRMAN (AGE 60)**

**APPOINTMENT**

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

**SKILLS AND PREVIOUS EXPERIENCE**

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. Paul is a Member of the Business Advisory Group for Britain, Business Ambassador on the UK Government's Business Ambassador network and a Member of the Council of the Scotch Whisky Association.

**CURRENT EXTERNAL APPOINTMENTS**

Chairman of Avanti Communications Group plc. Non-executive director of HSBC Holdings plc (from 1 January 2016), FedEx Corporation, RM2 International S.A. and Simpsons Malt Limited and a member of the Prime Minister's Business Advisory Group.

### 2 RICHARD COUSINS <sup>○</sup> <sup>□</sup> <sup>▲</sup> <sup>△</sup>

**GROUP CHIEF EXECUTIVE (AGE 56)**

**APPOINTMENT**

Joined the Board in May 2006. Appointed Group Chief Executive in June 2006.

**SKILLS AND PREVIOUS EXPERIENCE**

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.

**CURRENT EXTERNAL APPOINTMENTS**

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

### 3 DOMINIC BLAKEMORE <sup>○</sup> <sup>■</sup> <sup>□</sup> <sup>▲</sup>

**GROUP FINANCE DIRECTOR (AGE 46)**

**APPOINTMENT**

Joined the Board in February 2012. Appointed Group Finance Director in April 2012. Dominic will become Group Chief Operating Officer, Europe on 1 December 2015.

**SKILLS AND PREVIOUS EXPERIENCE**

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 at PricewaterhouseCoopers LLP.

**CURRENT EXTERNAL APPOINTMENTS**

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

## COMMITTEE MEMBERSHIP

- Audit
- Corporate Responsibility
- Disclosure
- Executive Board
- ▲ General Business
- △ Nomination
- ◆ Remuneration
- <sup>c</sup> Denotes Chairman
- <sup>s</sup> Denotes Secretary

**4 GARY GREEN** □ ▲**GROUP CHIEF OPERATING OFFICER, NORTH AMERICA (AGE 58)****APPOINTMENT**

Joined the Board in April 2007. Appointed Group Chief Operating Officer, North America in April 2012.

**SKILLS AND PREVIOUS EXPERIENCE**

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.

**CURRENT EXTERNAL APPOINTMENTS**

None.

**5 ANDREW MARTIN** □ ▲**GROUP CHIEF OPERATING OFFICER, EUROPE & JAPAN (AGE 55)****APPOINTMENT**

Appointed Group Finance Director in 2004 and became Group Chief Operating Officer, Europe & Japan in April 2012. Andrew will retire from the Board on 1 December 2015.

**SKILLS AND PREVIOUS EXPERIENCE**

Associate of the Institute of Chartered Accountants in England and Wales and an Associate of the Chartered Institute of Taxation.

**CURRENT EXTERNAL APPOINTMENTS**

Non-executive director of easyJet plc.

**6 CAROL ARROWSMITH** ● ○ ▲ ◆<sup>c</sup>**NON-EXECUTIVE DIRECTOR (AGE 61)****APPOINTMENT**

Appointed to the Board in June 2014.

**SKILLS AND PREVIOUS EXPERIENCE**

Former partner in Deloitte LLP, 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.

**CURRENT EXTERNAL APPOINTMENTS**

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

**7 JOHN BASON** ●<sup>c</sup> ○ ▲ ◆**NON-EXECUTIVE DIRECTOR (AGE 58)****APPOINTMENT**

Appointed to the Board in June 2011.

**SKILLS AND PREVIOUS EXPERIENCE**

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

**CURRENT EXTERNAL APPOINTMENTS**

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

**8 SUSAN MURRAY** ● ○<sup>f</sup> ▲ ◆**NON-EXECUTIVE DIRECTOR (AGE 58)****APPOINTMENT**

Appointed to the Board in October 2007.

**SKILLS AND PREVIOUS EXPERIENCE**

Susan is a 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.

**CURRENT EXTERNAL APPOINTMENTS**

Director of Boparan Holdings Limited trading as 2 Sisters Food Group and a Fellow of the Royal Society of Arts.

**9 DON ROBERT** ● ○ ▲ ◆**SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR (SID) (AGE 56)****APPOINTMENT**

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

**SKILLS AND PREVIOUS EXPERIENCE**

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

**CURRENT EXTERNAL APPOINTMENTS**

Chairman of Experian plc and Achilles Holdco Limited. Don is also a Trustee of the Education and Employers Taskforce and a non-executive director of the Court of the Bank of England.

**10 SIR IAN ROBINSON** ● ○ ▲ ◆**NON-EXECUTIVE DIRECTOR (AGE 73)****APPOINTMENT**

Joined the Board in December 2006. Appointed SID on 9 April 2013 and stepped down from this role on 1 October 2015. Sir Ian will retire from the Board and its committees on 4 February 2016.

**SKILLS AND PREVIOUS EXPERIENCE**

Sir Ian is a former Chairman of Ladbrokes plc, Hilton Group plc and Amey plc, and a former Chief Executive of Scottish Power plc. He is a former non-executive director of ASDA plc, RMC plc, Scottish & Newcastle plc and Siemens Holdings plc.

**CURRENT EXTERNAL APPOINTMENTS**

Member of the Takeover Panel and Fellow of the Royal Academy of Engineers.

**11 IREENA VITAL** ● ○ ▲ ◆**NON-EXECUTIVE DIRECTOR (AGE 47)****APPOINTMENT**

Appointed to the Board in July 2015.

**SKILLS AND PREVIOUS EXPERIENCE**

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.

**CURRENT 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.

**12 NELSON SILVA** ● ○ ▲ ◆**NON-EXECUTIVE DIRECTOR (AGE 60)****APPOINTMENT**

Appointed to the Board in July 2015.

**SKILLS AND PREVIOUS EXPERIENCE**

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.

**CURRENT EXTERNAL APPOINTMENTS**

Senior Vice President of BG Group plc responsible for Brazil, Bolivia and Uruguay. He is a board member of the Brazilian Institute of Oil and Gas and of the Brazilian Association of Petroleum Companies and is also a Member of the Social and Development Council of Brazil's Presidency.

**13 JOHNNY THOMSON** ○ ■ □ ▲**GROUP FINANCE DIRECTOR ELECT (AGE 43)****APPOINTMENT**

Will join the Board and be appointed as Group Finance Director (and become a member of the Board committees currently held by Dominic Blakemore) on 1 December 2015.

**SKILLS AND PREVIOUS EXPERIENCE**

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 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, transactional services and international/client secondments at PricewaterhouseCoopers LLP.

**CURRENT EXTERNAL APPOINTMENTS**

None.

**14 MARK WHITE** ●<sup>s</sup> ○ ■ □ ▲<sup>s</sup> ▲<sup>s</sup> ◆<sup>s</sup>**GENERAL COUNSEL AND COMPANY SECRETARY (AGE 55)****APPOINTMENT**

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

**SKILLS AND PREVIOUS EXPERIENCE**

Mark is a Solicitor. He is a Trustee of the Compass Pension Plan and the Compass Retirement Income Savings Plan. He was previously Group Company Secretary and General Counsel of Wolseley plc and Company Secretary of Enterprise Oil plc and Rotork plc.

**CURRENT EXTERNAL APPOINTMENTS**

Member of the Upper Tribunal, Tax and Chancery Chamber.

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# CORPORATE GOVERNANCE

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## GOVERNANCE AND DIRECTORS' REPORT



A well defined and effective governance structure promotes the success of the Company and helps to safeguard shareholders' investments and the Company's assets.

### ANNUAL STATEMENT

#### DEAR SHAREHOLDER

As a Board, we are 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 and its long term sustainability.

In the pages which follow, we have set out our governance policies and practices and included details of how the Group has applied the main principles and complied with the relevant provisions of the UK Corporate Governance Code 2014 (the Code) using the key themes of the Code as the framework within which we define our governance.

Over the last nine years, the Board has continued to evolve and strengthen our governance framework and we have sought to create an environment in which honesty, integrity and openness are encouraged and put into practice. I believe that this approach has created a strong governance framework which lends itself well to our business, leaving us well placed to take advantage of business opportunities whilst helping to safeguard shareholders' investments and the Company's assets.

In September 2014, the Financial Reporting Council (FRC) published the latest edition of the Code, which included a number of changes around directors' remuneration, risk management and internal control, which we have adopted. One of the new requirements of the Code is for boards to make an annual viability statement. Details of our Going Concern and Viability Statement may be found in the Strategic Report on page 30.

At Compass, we recognise the importance of planning for the future and, in line with our succession planning strategy, with help from the Nomination Committee, we have continued to develop our Board with a number of new appointments. Please see pages 40 and 41 for information on the Board.

In this regard, we have welcomed new members onto the Board following the announcement of the forthcoming departure of some long-standing colleagues.

In July, we announced the appointment of Ireena Vittal and Nelson Silva as non-executive directors together with Sir Ian Robinson's retirement as Senior Independent Director (SID) on 1 October 2015 and his succession by Don Robert on the same day. Sir Ian will retire from the Board and its committees at the conclusion of the Annual General Meeting to be held on 4 February 2016 (2016 AGM).

On 24 September 2015, we further announced that Andrew Martin, Group Chief Operating Officer, Europe & Japan, will step down from the Board on 1 December 2015 and that Dominic Blakemore, currently Group Finance Director, will become the Group Chief Operating Officer, Europe from that date. On the same day, Johnny Thomson, who is currently Regional Managing Director of the Group's Latin American business, will become Group Finance Director and will join the Board as an executive director.

On behalf of my fellow directors, I would like to take this opportunity to welcome Ireena, Nelson and Johnny to the Board. I would also like to offer my sincere thanks to Andy for his outstanding contribution to the Company and to Sir Ian for his excellent services to the Board and its committees over the past nine years. I wish them both every success for the future.

I am confident that these changes, combined with the existing skills and experience of our longer serving directors, will strengthen the Board as we look to the future of the Company and continue to encourage open debate in Board and committee discussions.

It has been another year of significant progress and I continue to see positive development of the Board's activities across our governance agenda. As ever, we will continue to challenge ourselves and the business. We are committed to building on the progress we have made to date, strengthening our existing governance structure and contributing to the ongoing success of the business. However, there are always further areas for improvement and these will form part of our agenda in 2016.

PAUL WALSH  
Chairman  
24 November 2015

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

The directors present their Annual Report and the audited consolidated accounts of the Company and its subsidiaries for the year ended 30 September 2015. This Corporate Governance Report and other statutory disclosures set out on pages 42 to 58 make up the Directors' Report.

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

### UK CORPORATE GOVERNANCE CODE COMPLIANCE

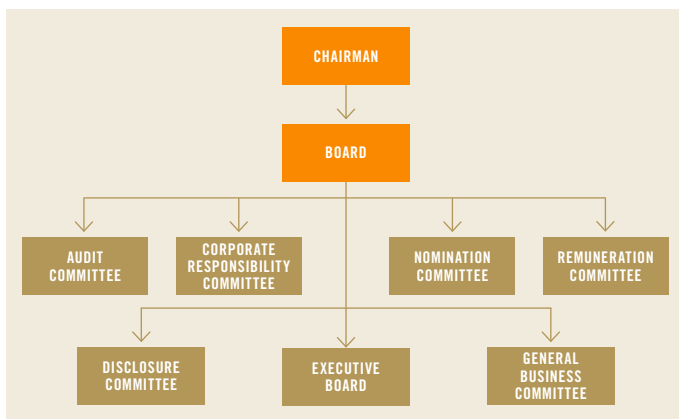
Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the Code. The Code can be found on the FRC website at [www.frc.org.uk](http://www.frc.org.uk). This Corporate Governance Report, together with the Directors' Remuneration Report set out on pages 59 to 77, 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 2015 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 Rules of the UKLA and to report if it does not reflect such compliance. No such report has been made.

### HOW WE GOVERN THE COMPANY

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



### THE BOARD

#### COMPOSITION

As at 30 September 2015, 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.

As announced on and with effect from 16 July 2015, Ireena Vittal and Nelson Silva joined the Board as independent non-executive directors, Sir Ian Robinson stepped down as Senior Independent Director (SID) on 1 October 2015 and Don Robert succeeded Sir Ian as SID on the

same day. It was also announced that Sir Ian will retire as a director of the Company at the conclusion of the 2016 AGM.

As further announced on 24 September 2015, Johnny Thomson will be appointed as an executive director and Andrew Martin will step down from the Board on 1 December 2015. The appointment of Ireena and Nelson during the year further strengthens the existing international and strategic capability of the Board.

All of the non-executive directors are considered by the Board 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.

Biographical details of the directors currently in office are shown on pages 40 and 41. 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 59 to 77.

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. Each director also attends the Annual General Meeting (AGM) to answer shareholder questions.

#### MEETINGS ATTENDANCE

Name	Attendance <sup>1</sup>
Carol Arrowsmith	6 of 6
John Bason	6 of 6
Dominic Blakemore	6 of 6
Richard Cousins	6 of 6
Gary Green	6 of 6
Andrew Martin	6 of 6
Susan Murray	6 of 6
Don Robert <sup>2</sup>	5 of 6
Sir Ian Robinson	6 of 6
Nelson Silva <sup>3</sup>	2 of 2
Ireena Vittal <sup>3</sup>	2 of 2
Paul Walsh	6 of 6

- The number of meetings attended out of the number of meetings each director was eligible to attend.
- Unable to attend a meeting due to unforeseen circumstances. Prior to the meeting, the director read the papers for the meeting and discussed his comments with the Chairman of the Board.
- Ireena Vittal and Nelson Silva were appointed to the Board on 16 July 2015.

#### RESPONSIBILITIES

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, although its primary role is to provide entrepreneurial leadership and to review the overall strategic development of the Group as a whole. In addition, 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. The Board may delegate any of its powers to any committee consisting of one or more directors.

The Board has delegated day to day operational decisions to the Executive Board referred to on page 53.

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.

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.

#### **DIRECTOR EFFECTIVENESS AND TRAINING**

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.

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. Board meetings are also held at Group business locations to help all Board members to gain a deeper understanding of the business. This also provides senior managers from across the Group with the opportunity to present to the Board as well as to meet the directors on more informal occasions.

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, as is the case with Ireena Vittal, Nelson Silva and Johnny Thomson, all of whom will seek election at the 2016 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 for a further three years. It is Board policy that non-executive director appointments should last for no more than nine years.

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.

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. Sir Ian will step down from the Board and its committees at the conclusion of the Company's 2016 AGM. The Board believes that Don has the appropriate experience, knowledge and independence to succeed Sir Ian in this role.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders. 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**

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

In 2013-2014, an external performance evaluation of the Board was conducted by independent external facilitators, EquityCommunications Limited. In accordance with the Code, and in light of the changes made to the composition of the Board during the year, an independent external evaluation will next be carried out in 2015-2016 so as to give the recently reconstituted Board a reasonable period in which to settle prior to the next external performance evaluation.

During the year, the Board conducted an evaluation of its performance and that of the Audit, Nomination and Remuneration Committees to ensure that they continue to be effective and that each of the directors demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company. This year's performance evaluation took into account the principal themes which had emerged from the preceding external evaluation, notably a continued focus on enhancing the approach to the strategy formulation process and succession planning, taking into account nationality, economic background and gender diversity, together with the ratio of non-executive directors to executive directors.

Having conducted its evaluation, it was concluded that the structure and composition of the Board was considered conducive to robust discussion. The timeliness and quality of Board papers was considered to be high, but it was agreed that there should be more time for the Board to discuss strategic issues. It was further concluded that Board discussions would be enhanced by having external parties, such as economists, present to the Board from time to time. These key issues, together with any other matters identified as a result of the evaluation, will be addressed by the Board over the coming year.

It was also noted that the changes made to the Board during 2015 had resulted in (a) an increased ratio of 8:4 non-executive to executive directors (b) 25% overseas nationals, and (c) 25% female representation on the Board and that the increase in the number of female directors had brought the Company in line with Lord Davies' recommendations that there should be a minimum of 25% female directors represented on company boards by 2015. The Board, however, 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.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

It was also 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.

### 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 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 2015 Board meeting and considers changes on an ad hoc basis throughout the year.

### COMMITTEES OF THE BOARD

The Board has established a number of committees to assist in the discharge of its duties:

- Audit Committee
- Corporate Responsibility Committee
- Disclosure Committee
- General Business Committee
- Nomination Committee
- Remuneration Committee
- Executive Board

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](http://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.



## AUDIT COMMITTEE



Defined and established risk management and internal control procedures ensure that our growth is supported by a developed and embedded risk management culture.

### ANNUAL STATEMENT

#### DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the 2014-2015 Audit Committee Report.

As reported in the Strategic Report on pages 1 to 41, we continue to develop and grow our business. We operate in territories where the concept of corporate governance is still underdeveloped. In these regions in particular, it is imperative to have a defined and established system of risk management and internal control procedures to ensure that our growth is supported by a developed and embedded risk management culture, which promotes solid business practice.

The Board recognises that the scale, complexity and geographic diversity of our business means we often operate in challenging environments. The Board also understands that to ensure effective development and delivery of the Group's strategic objectives, within a risk control framework there must be a level of prudence, robustness and integrity to mitigate risk coupled with a degree of flexibility so as to encourage the pursuit of new business opportunities.

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

In 2013-2014, we approved the reprioritisation of the reporting of the Group's ongoing operational risks with the aim of giving context to our principal risk disclosures. This year, we have introduced visual indicators to make it easier to interpret the year on year change in a specific risk. More details of the Group's principal risks can be found on pages 31 to 33.

The Board's responsibility for organisational culture is essential to the way in which risk is considered and addressed within the Group and, at an operational level. The Board and the Committee have continued to promote the strengthening of regional governance structures by increasing the regularity of the meetings of the Regional Governance Committees (RGCs), with the aim of further embedding the Group's risk management culture within the business.

During the year, in line with our succession planning strategy, we welcomed two new members onto the Committee. The appointments of Ireena Vittal and Nelson Silva will ensure that the Committee continues to challenge and debate the performance and relevance of the Group's governance systems and internal controls. Over the next 12 months, we will work alongside the Board under our Terms of Reference with the aim of further mitigating potential risks.

Further details of the Committee's activities during the financial year ended 30 September 2015 can be found on the pages which follow.

JOHN BASON

Chairman of the Audit Committee  
24 November 2015

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

### 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 relevant senior level financial experience. The expertise and experience of the members of the Audit Committee are summarised on pages 40 and 41. 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 considered by the Board to have significant, recent and relevant financial experience as Finance Director of Associated British Foods plc.

All members of the Audit Committee receive an appropriate induction, which includes an overview of the business, its financial dynamics and 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.

#### MEETINGS ATTENDANCE

Name	Attendance <sup>1</sup>
John Bason	3 of 3
Carol Arrowsmith	3 of 3
Susan Murray	3 of 3
Don Robert <sup>2</sup>	2 of 3
Sir Ian Robinson	3 of 3
Nelson Silva <sup>3</sup>	1 of 1
Ireena Vittal <sup>3</sup>	1 of 1

<sup>1</sup> The number of meetings attended out of the number of meetings each director was eligible to attend.

<sup>2</sup> Unable to attend a meeting to due unforeseen circumstances. Prior to the meeting the director read the papers for the meeting and discussed his comments with the Committee Chairman.

<sup>3</sup> Ireena Vittal and Nelson Silva were appointed to the Board on 16 July 2015.

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 above.

The Audit Committee invites Paul Walsh (Chairman), Richard Cousins (Group Chief Executive), Dominic Blakemore (Group Finance Director), Kate Dunham (Group Financial Controller) and Kamal Zoghbi (Interim 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 on 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 75.

#### 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 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 performance, business model and strategy
  - the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements
  - discussing the critical accounting policies and use of assumptions and estimates, as noted in section B of the accounting policies on page 89 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
- the material areas in which significant judgements have been applied, namely:
  - the consideration of any goodwill impairment assessments and how these were addressed. The judgement largely relates to the assumptions underlying the calculation of the value in use of the cash generating units (CGUs) being tested for impairment, primarily the achievement of the three year business plan for the CGUs and the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee receives reports from management outlining the basis for the assumptions used. Business plans are approved by the Board. In addition, the external auditor provides detailed written assessments to the Audit Committee in this area
  - 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 discusses 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 new 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 2014	May 2015	Sept 2015
<b>INTERNAL AUDIT</b>			
• approval of the Group's internal audit plan and risk controls and the review of internal audit activity reports and updates, together with the rollout of key financial controls	●	●	●
<b>EXTERNAL AUDIT</b>			
• audit report on interim results		●	
• approval and review of proposed audit plan and procedures		●	●
– review of auditor effectiveness following KPMG's first year as external auditor		●	
– agreement of external auditor fees for 2015-2016 <sup>1</sup>		●	
– 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			●
<b>OTHER MATTERS</b>			
• 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	●	●	●

1 A three year fee was agreed as part of the audit retender noted below.

## EXTERNAL AUDIT

The Committee is aware of EU legislation to reform the statutory audit market which came into force in April 2014 and which is expected to apply to Public Interest Entities (PIEs) (including the Company) from mid June 2016. Under the proposal, all PIEs will be required, amongst other things, to rotate their auditors every 10 years and to cap the non-audit fees paid to auditors at 70% of the three year average audit fees at Group level. The EU legislation provides for member states and supervisory bodies such as the FRC in the UK to determine how stringently the new legislation should be applied. At the date of this Report, the FRC has proposed a number of prospective amendments to the Code in this regard.

In 2013-2014, the Company tendered its external audit appointment and, as a result, KPMG LLP was appointed as the Company's auditor. Under the terms of the proposed 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 audit fees which it reviews annually and discloses the ratio of audit to non-audit fees paid in each financial year. The Committee will therefore await further guidance from the FRC on this and other matters contained within the new EU legislation and will keep these matters under review to ensure that the Company continues to comply with prevailing legislation and best practice.

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 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; 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 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 2015 comprised assistance on audit related assurance matters and tax related services.

During the year, the Audit Committee reviewed KPMG LLP's fees for its services during the year ended 30 September 2015 (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 Group.

The Audit Committee also considered the robustness of the 2015 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.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

The total fees paid to KPMG LLP in the year ended 30 September 2015 were £5.2 million of which £0.7 million related to non-audit work (2014: £6.1 million for the six months from March to September 2014 of which £1.9 million related to non-audit work, much of which related to the period prior to its appointment in March 2014). Further disclosure of the non-audit fees paid during the year can be found in note 2 to the consolidated financial statements on page 98.

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

KPMG LLP has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing its reappointment and determination of its remuneration by the Audit Committee will be proposed at the 2016 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 Codes of Business Conduct and Ethics are available on the Company's website at [www.compass-group.com](http://www.compass-group.com).

The Audit Committee also receives updates on any allegations of bribery and fraud in the business at least twice each year, 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 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.

### 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 considered 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 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 31 to 33. 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 Executive Board) and to the Board.

These processes have been in place throughout the financial year ended 30 September 2015 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 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 34 to 39. 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 Report of the Audit Committee is set out on pages 47 to 51 and 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 2015 that have affected materially, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

## 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 to ensure the 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 printing 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](http://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 shortly after the meeting. Further shareholder information is available on pages 152 and 153.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

### CORPORATE RESPONSIBILITY COMMITTEE



#### ANNUAL STATEMENT

##### DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the 2014-2015 Corporate Responsibility Committee's (CRC) Report.

As Chairman of the Board's CRC, I oversee the governance of our corporate responsibility (CR) activities and monitor the progress of the CR commitments and targets we set.

Over the past nine years, we have continued to develop our CR agenda and activity programmes focusing on four key areas: Health & Wellbeing, Responsible Sourcing, Our People and Environment. I am delighted to report that, as a Group, overall we continue to make good progress against our CR targets and these achievements have been delivered through the commitment of our employees, underpinned by a well established governance framework. However, we will continue to challenge ourselves and the business to ensure that we build upon the progress we have made to date.

For more information, please visit our corporate responsibility website at [www.compass-group.com/cr15](http://www.compass-group.com/cr15).

SUSAN MURRAY

Chairman of the Corporate Responsibility Committee  
24 November 2015



Our CR achievements have been delivered through the commitment of our employees, underpinned by a well established governance framework.

### THE CORPORATE RESPONSIBILITY COMMITTEE

#### COMPOSITION

The Corporate Responsibility Committee comprises Susan Murray, Chairman, Paul Walsh, Richard Cousins, Dominic Blakemore, Robin Mills (Group Human Resources Director), Mark White (General Counsel and Company Secretary), and all of the non-executive directors in office at the date of this Report.

#### MEETINGS ATTENDANCE

Name	Attendance <sup>1</sup>
Susan Murray	2 of 2
Carol Arrowsmith	2 of 2
John Bason	2 of 2
Dominic Blakemore	2 of 2
Richard Cousins	2 of 2
Jane Kingston	2 of 2
Don Robert	2 of 2
Sir Ian Robinson	2 of 2
Nelson Silva <sup>2</sup>	– of –
Ireena Vittal <sup>2</sup>	– of –
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 Ireena Vittal and Nelson Silva were appointed to the Board on 16 July 2015.

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

#### RESPONSIBILITIES

The CRC's primary responsibilities include health, safety and environmental practices, ethical business conduct, the promotion of employee engagement and diversity and 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 toward 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 2015 comprises pages 43 to 58 of the Corporate Governance Report and the Directors' Responsibilities Statement on page 79. As provided by 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 which, by way of example, included items such as forthcoming EU legislation in respect of audit reform that will come into force in 2016 and the change to the Code which resulted in the introduction of the requirement for a viability statement, details of which may be found on page 30 of this Report.

Substantial progress was made in 2014-2015 in advancing our sustainability priorities including our supply chain integrity, which continues to be a challenge for the Group.

The Committee also reviewed the implementation of a series of measures designed to maintain the profile of the CBC (which encompasses the Group's Code of Ethics) within the Group. By way of example, this included ad hoc training sessions focused on the practical application of the CBC, publication of our 5 Golden Rules on payslips, in employee newsletters and during online CHAT sessions to raise awareness and to reach our colleagues in remote sites.

We constantly challenge our leadership teams to implement new measures to refresh the understanding and importance of the CBC to our business, and we will continue to work with our businesses to further eliminate risk and reduce any vulnerabilities in our supply chain.

#### 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. One of these areas will be how the Committee seeks assurance as it prepares to make the required disclosures in respect of human trafficking and slavery introduced by the Modern Slavery Act 2015.

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 progress in the 2016 Annual Report.

## OTHER COMMITTEES

### DISCLOSURE COMMITTEE

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

Meetings are held as required. At the date of this Report, the Disclosure Committee comprises Dominic Blakemore, Mark White, the Group Financial Controller 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, Andy Furlong (Regional Managing Director, Central Asia, Middle East, Africa & Turkey), Philippe Op de Beeck (Regional Managing Director, Asia Pacific), Johnny Thomson (Regional Managing Director, Latin America), Mark White and Robin Mills.

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.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

### NOMINATION COMMITTEE



#### ANNUAL STATEMENT

##### DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the 2014-2015 Nomination Committee Report.

The Nomination Committee has an important role to play in ensuring that the Board and its principal committees have the right mix of skills, experience and diversity. This year, as part of our Board succession planning process, we have seen further enhancements to the composition of the Board.

In July 2015, we announced the appointment of Ireena Vittal and Nelson Silva as non-executive directors, both of whom bring a wealth of experience and knowledge to the Company and who will broaden the skills, experience and diversity of the Board. We also announced that Sir Ian Robinson's nine year tenure will come to an end on 30 November 2015 and that he will step down as a director of the Company at the conclusion of the 2016 AGM. I am pleased to report that the Board succession planning process left us well placed to appoint Don Robert as SID from 1 October 2015 in succession to Sir Ian Robinson. Don will continue to perform his responsibilities as a member of the other principal committees of the Board.

On 24 September 2015, we further announced that Andrew Martin, Group Chief Operating Officer, Europe & Japan, will step down from the Board on 1 December 2015, that Dominic Blakemore, Group Finance Director, will become the Group Chief Operating Officer, Europe and that Johnny Thomson, Regional Managing Director of the Group's Latin American business, will become Group Finance Director and will join the Board from that date.

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 40 and 41.

In the coming year, in consultation with the chairmen of the principal committees, we will continue to monitor the needs of the Board and its committees with the aim of ensuring that the Group's succession planning policy is aligned to, and evolves to meet the ongoing strategic aims of the Group.

PAUL WALSH

Chairman of the Nomination Committee  
24 November 2015

“

We recognise the importance of planning for the future and of having a succession planning policy designed to progressively bring new skills and different perspectives to the Board.

#### 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.

##### MEETINGS ATTENDANCE

Name	Attendance <sup>1</sup>
Paul Walsh	2 of 2
Carol Arrowsmith	2 of 2
John Bason	2 of 2
Richard Cousins	2 of 2
Susan Murray	2 of 2
Don Robert	2 of 2
Sir Ian Robinson	2 of 2
Nelson Silva <sup>2</sup>	– of –
Ireena Vittal <sup>2</sup>	– of –

1 The number of meetings attended out of the number of meetings which each director was eligible to attend.

2 Ireena Vittal and Nelson Silva joined the Board on 16 July 2015.

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

##### 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 the 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 potential significant commitments

## ACTIVITY DURING THE YEAR

During the year, the Committee focused on succession planning for both executive and non-executive directors and, in doing so, it considered the tenure, mix and diversity of skills and experience of existing Board members and those of prospective Board members in the context of Group strategy. Consequently, the Committee identified that it would be beneficial for prospective non-executive candidates to have gained their experience in fast growing and emerging economies where there are opportunities for the Group to continue to expand.

In its search for prospective non-executive directors, the Board retained Egon Zehnder International (EZI) as recruitment consultants. EZI is an independent executive search firm which has no other connection with the Company.

The Committee agreed the process, timetable and mandate for EZI so as to ensure that prospective candidates satisfied the Committee's brief. Ireena Vittal and Nelson Silva were identified by the Nomination Committee as part of the external search process conducted by EZI and were subsequently recommended to the Board for appointment on the basis that they met the criteria required, including having sufficient time to discharge the requirements of the role.

New directors receive tailored inductions supervised by the Chairman in his capacity as Chairman to the Board. Further information on the induction process may be found on page 45.

During the year, the Nomination Committee also considered and made recommendations to the Board in respect of the following matters:

- Sir Ian Robinson stepping down as SID with effect from 1 October 2015 and being succeeded by Don Robert on the same day, together with Sir Ian's retirement from the Board and its committees at the conclusion of the Company's 2016 AGM
- Andrew Martin stepping down as Group Chief Operating Officer, Europe & Japan with effect from 1 December 2015
- Dominic Blakemore stepping down as Group Finance Director with effect from 1 December 2015 and his appointment as Group Chief Operating Officer, Europe from that date
- the appointment of Johnny Thomson as Group Finance Director from 1 December 2015 in succession to Dominic Blakemore

## COMING YEAR

The Committee recognises the importance of planning for the future and of having a succession planning policy designed to progressively bring new skills and different perspectives to the Board which complement the experience of existing directors with the aim of maintaining an appropriate balance.

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 the potential leaders of the future.

## OTHER STATUTORY DISCLOSURES

### DIRECTORS

Particulars of the directors in office at the date of this Report are listed on pages 40 and 41. In accordance with the Code, each director will retire and submit himself or herself for election or re-election at the 2016 AGM.

On 16 July 2015, we announced that Ireena Vittal and Nelson Silva had been appointed to the Board on that date, and that Sir Ian Robinson will not seek re-election at the 2016 AGM and will retire from the Board and its committees at the conclusion of that meeting. As further announced on 24 September 2015, Andrew Martin will step down from the Board on 1 December 2015 and on the same day Johnny Thomson will be appointed to the Board.

Accordingly, Ireena Vittal, Nelson Silva and Johnny Thomson will seek election at the 2016 AGM.

### RESULTS AND DIVIDENDS

In the year ended 30 September 2015, the Group delivered an increase of 2.8% in Group underlying profit before tax from £1,159 million to £1,192 million and an increase of 1.3% in Group reported profit before tax from £1,144 million to £1,159 million.

A Return of Cash, equating to 56 pence per share, was paid to shareholders on 29 July 2014. The Return of Cash and associated Share Capital Consolidation are described further on page 56 of our 2014 Annual Report, which can be found at [www.compass-group.com](http://www.compass-group.com).

The Return of Cash is not included in the dividend table below.

A summary of the dividends on ordinary shares for the year ended 30 September 2015 compared with 2014 is shown below:

Year	Dividend	Pence per share
2015	Interim	9.8
2015	Final (recommended)	19.6
2015	Total	29.4 (10.9% increase on 2014)
2014	Interim	8.8
2014	Final	17.7
2014	Total	26.5

The 2015 interim dividend of 9.8 pence per share (2014: 8.8 pence) was paid to shareholders on 27 July 2015.

Payment of the recommended final dividend, if approved at the 2016 AGM, will be made on 22 February 2016 to shareholders registered at the close of business on 22 January 2016. The shares will be quoted ex-dividend from 21 January 2016.

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 57 of this Report. The amount of dividends waived during the year ended 30 September 2015 in relation to the trusts was £11,815 (2014: £20,677).

As at the date of this Report, there were 13,038,606 ordinary 10% 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, £128,372 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 152.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

### SHARE CAPITAL

#### GENERAL

At the General Meeting held on 11 June 2014, members voted in favour of the Company's proposals to return approximately £1 billion to shareholders by way of a cash payment of 56 pence per ordinary share of 10 pence each held as at the record time of 6.00pm on 7 July 2014. The cash return was accompanied by a share consolidation whereby shareholders received 16 ordinary shares of 10% pence each in the Company for every 17 ordinary shares of 10 pence each held at the record time. This share capital reorganisation was effective and the 10% pence shares were admitted to trading on the London Stock Exchange from 8 July 2014. Full details of the Return of Cash and Share Capital Consolidation were set out in a Circular to shareholders dated 19 May 2014, which is available on the Company's website at [www.compass-group.com](http://www.compass-group.com).

As at the date of this Report, 1,656,777,382 ordinary shares of 10% pence each (of which 13,038,606 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 1,643,738,776. In addition, the Company sponsors a Level I American Depository Receipt programme with BNY Mellon, under which the Company's shares are traded on the over the counter market in the form of American Depository Shares.

During the year ended 30 September 2015, 2,578,304 options were exercised and 1,602,612 awards released pursuant to the Company's share option schemes and long term incentive plans. Of those options exercised and awards released, 3,424,337 were satisfied by the allotment of ordinary shares with the remaining being satisfied by way of the reissue of 756,579 treasury shares. A further 4,345,656 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 Listing Rules of the Financial Conduct Authority, 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](http://www.compass-group.com).

#### REPURCHASE OF SHARES

On 27 November 2013, the Company announced its intention to commence a £500 million share repurchase programme, to be executed over the 12 month period to the end of 2014. This programme was temporarily suspended following the announcement on 14 May 2014 of the £1 billion Return of Cash and Share Capital Consolidation until after completion of this transaction on 29 July

2014. The programme recommenced on 31 July 2014 and subsequently completed on 10 August 2015.

From 1 October 2014 to 16 June 2015, 20,333,739 ordinary shares of 10% pence each were repurchased and subsequently cancelled for a consideration of £223,679,739 million (including expenses). From 17 June to 10 August 2015, a further 9,552,807 ordinary shares of 10% pence each were repurchased for a consideration of £103,762,111 million (including expenses) and subsequently transferred to be held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes. The total number of ordinary 10% pence shares repurchased by the Company from 1 October 2014 to 30 September 2015 for a consideration of £327,441,850 million (including expenses) was 29,886,546 (representing 1.8% of the ordinary shares in issue on 1 October 2015). As announced on 30 September 2015, from 1 October to 23 November 2015, a further 4,345,656 ordinary shares of 10% pence each were repurchased for a consideration of £46,753,677 million (including expenses) and subsequently transferred to be held as treasury shares for the purpose of satisfying the Company's obligations under employee equity incentive schemes. 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 2016 AGM, a special resolution will be proposed to renew the directors' limited authority to repurchase ordinary shares in the market, last granted at the 2015 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 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 2016 AGM, the directors will ask shareholders to renew the authority last granted to them at the 2015 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 2017, whichever is the sooner.

The limited power granted to the directors at the 2015 AGM to allot equity shares for cash other than pro rata to existing shareholders expires no later than 4 May 2016. Subject to the terms of the section 551 authority, the directors recommend that this authority should be brought into line with the new Statement of Principles on pre-emption rights issued earlier this year 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 2017) 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 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 a further 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.

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 as well as issues of new shares made during the year, together with details of options granted over unissued capital, are set out in note 23 to the consolidated financial statements on pages 128 to 130.

## SUBSTANTIAL SHAREHOLDINGS

The following major shareholdings have been notified to the Company as at 30 September 2015 and up to the date of this Report.

	% of issued capital <sup>1</sup>	% of Compass Group PLC's voting rights <sup>1</sup>
Blackrock, Inc.	9.99	9.99
Invesco Limited	4.95	4.95
Massachusetts Financial Services Company	10.07	10.07

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 2015 can be found on page 76 of 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 59 to 77. The trustees of the ESOP, LTIPT and CGET hold 11,601 (2014: 38,743), 16,198 (2014: 16,198) and nil (2014: 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 are held by these trusts as at 30 September 2015 (2014: nil).

## AWARDS UNDER EMPLOYEE SHARE SCHEMES

Details of awards made during the year and held by executive directors as at 30 September 2015 are set out in the Directors' Remuneration Report on pages 59 to 77.

Details of employee equity incentive schemes and grants made during the year ended 30 September 2015 to, and extant awards held by, employees are disclosed in note 24 to the consolidated financial statements on pages 130 to 134.

## 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. The Group's CEC Agreement terminated in December 2012. As reported previously, the Company continues to negotiate a new CEC Agreement through a Special Negotiating Body, comprising employee representatives from each of the countries in which the Group operates within the EEA.

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 current employee of the Group, is chairman of the trustees. The other four 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 Whittope 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 Auto-enrolment Governance Committee.

Permanent employees outside of 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.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

### 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](http://www.unglobalcompact.org).

Our people are instrumental to 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 2015, there were 515,864 (2014: 503,537) people employed by the Group (average number of employees including directors and part-time employees) of whom 294,042 were female (2014: 281,981) and 221,822 were male (2014: 221,556). Of these, 807 were senior managers (634 male, 173 female) (2014: 575 male, 187 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 2015 there were 12 directors, nine of whom were male and three 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 38 and 39 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 2015 are set out within the Corporate Responsibility section of the Strategic Report on pages 36 and 37 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 in our online Corporate Responsibility Report at [www.compass-group.com/cr15](http://www.compass-group.com/cr15).

### 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
2015	7.9
2014	6.5

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 50 of this Annual Report and on the Company's website at [www.compass-group.com](http://www.compass-group.com).

The directors propose to renew the authority granted at the 2015 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.

### 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.

### SHAREHOLDER SERVICES

Details of services provided to shareholders can be found in the Shareholder Information section on pages 152 and 153 and on the Company's website.

### AGM

The Notice of Meeting setting out the resolutions to be proposed at the 2016 AGM, together with explanatory notes, is set out on pages 154 to 159 of this Annual Report and is also available at [www.compass-group.com](http://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  
24 November 2015

Compass Group PLC  
Registered in England and Wales No. 4083914

# DIRECTORS' REMUNERATION REPORT

## REMUNERATION COMMITTEE



### ANNUAL STATEMENT

#### DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the 2014-2015 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 2015.

The Report is divided into four sections: (i) this Annual Statement; (ii) the Governance Summary; (iii) the Company's Remuneration Policy (the Policy); and (iv) the Annual Remuneration Report on the implementation of the Policy in the year to 30 September 2015.

At our 2015 AGM, shareholders approved amendments to the Company's Remuneration Policy and the new rules for the Long Term Incentive Plan (LTIP). During our consultation process, we confirmed that our philosophy remained simple and unchanged. We continue to maintain an approach that positions our remuneration moderately. The changes that we made were done to ensure that we also remained competitive. In the nine years of Richard's leadership, there had been no significant changes to our incentive levels, though over the same period the executive team had delivered great value to shareholders in the form of outstanding Total Shareholder Return (TSR) growth, a progressive dividend and the 2014 Return of Cash.

Shareholders approved:

- increasing the annual incentive opportunity for our Group Chief Executive from 150% to 200% of salary, in line with that for other FTSE 50 CEOs
- adjusting the LTIP opportunity for all of our executive directors (excluding the Group Chief Executive) to 200% of salary
- adjusting the LTIP opportunity for the Group Chief Executive to 250% of salary

In addition, to reflect best practice and ensure alignment with shareholders, any shares delivered under these higher awards are subject to a two year holding period post vesting. Shareholders' interests were also further safeguarded with the renewal and extension of circumstances under which malus and clawback might be applied.

On behalf of the Board, I would like to take this opportunity to thank shareholders for their support for these resolutions. The resolutions adopting the revised Policy and implementation were approved by shareholders at the 2015 AGM by 90.79% and 92.47% respectively. Shareholders will have the opportunity to vote on the Annual Remuneration Report for 2014-2015 at our 2016 AGM.



The success of your Company is driven by a continued focus on growing revenue in a sustainable and profitable manner. Accordingly, revenue and profit remain key measures in our annual bonus plan.

### PERFORMANCE IN 2014-2015

The continued success of the business has been driven through focus on organic revenue growth and increasing the operating margin to deliver sustained value for our shareholders. We have seen excellent performance in North America and have delivered good results across the business despite some challenges in the Offshore & Remote sector and some of our emerging markets. Accordingly, revenue and profit remain key performance measures in our annual bonus plan.

Strong free cash flow generation sustains our progressive dividend policy, permits an ongoing share buyback programme, provides cash for further investment in the business and therefore remains a performance measure in both our short and long term incentive plans. With Return on Capital Employed (ROCE) also as a performance measure for the LTIP, we maintain the focus on the efficient and targeted investment of this cash.

Shareholders have benefited from this consistent delivery of strategy. During the last 12 months, we have been able to reward shareholders through a progressive dividend policy and our 2013 £500 million share buyback programme which completed in August 2015. As announced by the Company on 30 September 2015, a further 4,345,656 shares have been repurchased and held as treasury shares and have been used to satisfy the Company's obligations under the Company's employee equity incentive reward schemes between 1 October and 23 November 2015.

Next May, Richard Cousins will have completed 10 years as Group Chief Executive. Under his leadership, the Company has delivered great value to shareholders and we believe that proper succession planning will ensure this continues. The strength of our internal succession planning has been demonstrated through the appointment of both Dominic Blakemore to lead our important European business in succession to Andrew Martin, and Johnny Thomson to succeed Dominic Blakemore as Group Finance Director.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 2014-2015 REMUNERATION REVIEW

As stated in our Policy and confirmed to shareholders last year, maintaining our historic moderate approach has continued to be at the centre of our deliberations and we continue to seek to pay sensible base salaries against the market and to provide shareholders with as high a degree of visibility as we can for the year ahead. In normal years, executive directors' salaries are reviewed annually in January and our expectation is that most directors would be eligible for pay awards in line with our employees in the relevant market.

We have typically appointed new executive directors at pay levels below the market rate and then moved their pay up to reflect experience and performance in the role. Johnny Thomson's appointment as Group Finance Director is his first role as a PLC director. His salary on appointment will be £575,000 per annum. His performance will be measured over the coming year, but we anticipate further increments in his base pay ahead of market movement over the next two to three years to align his pay better with that of his peers, subject of course, to his performance in the role. Johnny will be receiving support with the relocation of himself and his family back to the UK of £50,000. His bonus and LTIP opportunities are in line with the Policy at 150% and 200% respectively. When Dominic Blakemore becomes Group Chief Operating Officer, Europe on 1 December 2015, he will receive an increase of 6.66% in his base annual salary, which reflects his new role and responsibilities and takes into account his performance during 2014-2015. Neither Dominic nor Johnny will be eligible for a salary increase in January 2016.

Andrew Martin will continue to receive his current salary and benefits to 31 December 2015, during which time he will be supporting the transition of his responsibilities to Dominic Blakemore. Thereafter, he will receive a sum which is in lieu of notice equivalent to his contractual entitlement based on 12 months' base salary, target bonus and benefits. This is in line with his service contract which was entered into in 2007 and includes the payment of on target bonus in the calculation of payment in lieu of notice, as detailed in the Policy section of this Report and on page 75. In the light of Andrew Martin's outstanding contribution to the Company over the last 11 years, the Committee exercised the discretion provided in the LTIP rules to enable the final LTIP award, which vests in 2017, to be exercised over the full number of shares if the performance conditions are satisfied in full and to release him from his obligations to hold any shares delivered in 2017 for a further two years.

On 16 July 2015, we appointed Ireena Vittal and Nelson Silva as non-executive directors, both of whom will be paid in line with the approved Policy. The fee for our Chairman, Paul Walsh, was increased from £475,000 to £500,000 per annum on 1 October 2015. This is the first increase since his appointment as Chairman in February 2014. Sir Ian Robinson will receive no remuneration or payment when he retires from the Board at the conclusion of the AGM. I would like to thank Sir Ian for his chairmanship of the Remuneration Committee.

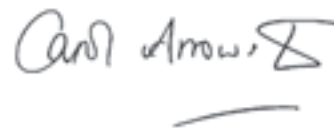
During the year, the management of Compass engaged Kepler Associates to conduct a review of the target and range setting framework and methodologies for both its short and long term incentive plans. The results of this review were shared and discussed in detail with the Committee. The conclusions reached were that, although Compass' performance ranges look narrow when compared with other FTSE companies, in fact the narrowness of the ranges ensured tight alignment with performance and was delivering the right outcomes for the Company and shareholders, whilst remaining motivational for the executives.

### CONCLUSION

The Committee believes that the current executive remuneration strategy has and continues to work well both in the near term and over the longer term in motivating and retaining our executive team as well as supporting the delivery of superior returns to shareholders. Therefore, the principles underlying our executive remuneration philosophy remain unchanged, namely a moderate approach which enables our executives' remuneration to reflect business performance. We believe that, as a result of the changes to our remuneration policy approved by shareholders at the 2015 AGM, the total opportunity for our executives is now more closely aligned with the rest of the FTSE 50, where Compass is an established member. The Committee's intent is that the Policy approved at the 2015 AGM will remain in place for the next three years when, in accordance with the CA 2006 and 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 will be submitted to shareholders at the 2018 AGM for their approval.

The pages which follow give shareholders a full and clear disclosure of the Company's intent and operation of director remuneration and, at the 2016 AGM, an advisory vote will be submitted to shareholders on the 2015 Annual Remuneration Report.

I recommend the following Governance Summary, Policy Report and Annual Remuneration Report to shareholders.



CAROL ARROWSMITH  
Chairman of the Remuneration Committee  
24 November 2015

## 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](http://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 six times during the year and directors' attendance can be found in the table below.

### MEETINGS ATTENDANCE

Name	Attendance <sup>1</sup>
Carol Arrowsmith	6 of 6
John Bason	6 of 6
Susan Murray	6 of 6
Don Robert <sup>2</sup>	4 of 6
Sir Ian Robinson	6 of 6
Nelson Silva <sup>3</sup>	3 of 3
Ireena Vittal <sup>2,3</sup>	2 of 3

1 The number of meetings attended out of the number of meetings which each director was eligible to attend.

2 Unable to attend Committee meetings due to unforeseen circumstances. In each instance, the directors read the papers of the meeting and discussed their comments with the Committee Chairman prior to the meeting.

3 Ireena Vittal and Nelson Silva joined the Board on 16 July 2015.

Biographical details of the current members of the Committee are set out on pages 40 and 41. The General Counsel and Company Secretary acts as the Secretary to the Committee. Details of advisers to the Committee can be found on page 76. The Chairman of the Remuneration Committee attends the AGM to respond to any shareholder questions that might be raised on the Remuneration Committee's activities.

### ACTIVITY DURING THE YEAR

The key activities of the Committee during the year ended 30 September 2015 were:

- a review of the draft Directors' Remuneration Report (DRR) for 2013-2014 following consultation with major shareholders and a review of the 2014 AGM voting results
- determination of the extent to which the 2013-2014 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 2015
- determination of proposed bonus targets for 2014-2015
- determination of proposed targets under the LTIP and other incentive schemes operating below executive management level for 2014-2015
- 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
- agreement to the proposed compensation packages for senior management leaving the Group including that for Andrew Martin
- determination of the remuneration package elements for the executive directors and the fees for the Chairman; and
- 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 it is intended that this Policy will remain in place for three years. Although there is no requirement to do so, the Committee has, in the interests of transparency, good governance and emerging best practice, 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 intended remuneration policy from 5 February 2015 for the next three years, 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 2015 (the Annual Remuneration Report)

The information set out on pages 59 to 77 of this DRR represents the auditable disclosures referred to in the auditor's report on pages 80 to 82 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.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### SHAREHOLDER ENGAGEMENT

The voting outcome at the 2015 AGM in respect of the DRR for the year ended 30 September 2014 is set out on page 77 and reflected strong 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 2015 (which will be a non-binding advisory vote) at the Company's 2016 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 of the Company. Resolution 2 to adopt the Policy received 90.79% of the votes cast in favour of the resolution. Although not a requirement, the Committee has included the Policy in this year's Report for ease of reference and in the interest of transparency. The underlying principles of the Policy remain unchanged, however, the Dilution Limits graphs on page 65, the Illustrations of the Application of our Remuneration Policy graphs on page 66, the tables on page 69 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 Resolution approved 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/ar15](http://www.compass-group.com/ar15).

### 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 moderate 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
<p><b>BASE SALARY</b> Reflects the individual's role, experience and contribution. Set at levels to attract and retain individuals of the calibre required to lead the business.</p>	<p>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.</p>	<p>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.</p> <p>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.</p> <p>Where changes in responsibilities or significant variances to the market exist, these will be appropriately explained.</p>	None.
<p><b>BENEFITS AND PENSION</b> To provide a competitive level of benefits.</p>	<p>Benefits include, but are not limited to, healthcare insurance for executive directors and their dependants, limited financial advice, life assurance and car benefit.</p> <p>These are offered to executive directors as part of a competitive remuneration package.</p> <p>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.</p>	<p>The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value.</p> <p>For the Company's defined contribution pension scheme or cash allowance, the maximum annual contribution is 35% of base salary.</p>	None.
<p><b>ANNUAL BONUS</b> Incentivise and reward the achievement of stretching one year key performance targets set by the Committee at the start of each financial year.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>The bonus measures and their percentage weightings may vary, depending upon a director's area of responsibility.</p> <p>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.</p> <p>Annual bonus targets are set with reference to internal budgets and analyst consensus forecasts, with maximum payout requiring performance well ahead of budget.</p> <p>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 71 and 72.</p>

## DIRECTORS' REMUNERATION REPORT CONTINUED

Component and link to strategy	Operation of the component	Maximum opportunity	Performance measures
<p><b>LONG TERM INCENTIVE PLAN (LTIP)</b> Incentivise and reward executive directors for the delivery of longer term financial performance and shareholder value.</p> <p>Share based to provide alignment with shareholder interests.</p> <p><b>ADJUSTED FREE CASH FLOW (AFCF)</b> 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.</p> <p><b>RETURN ON CAPITAL EMPLOYED (ROCE)</b> In parallel, ROCE supports the strategic focus on growth and margins through ensuring that cash is reinvested to generate appropriate returns.</p> <p><b>RELATIVE TOTAL SHAREHOLDER RETURN (TSR)</b> The third performance measure of TSR provides direct alignment between the interests of executive directors and shareholders.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Dividend equivalents may be accrued on the shares earned from any awards after 5 February 2015.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Awards may be made with the following maximum levels:</p> <ul style="list-style-type: none"> <li>• Group Chief Executive: 250%</li> <li>• Other executive directors: 200%</li> </ul> <p>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.</p> <p>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.</p>	<p>Performance is measured over three financial years.</p> <p>Performance measures are AFCF, improvement in ROCE and TSR, each measure applying to one third of an award.</p> <p>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).</p> <p>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.</p> <p>LTIP targets are set with reference to internal budgets and analysts' consensus forecasts, with maximum payment requiring performance well ahead of budget.</p> <p>Details of the targets for LTIP awards vesting and granted are set out as required in the Annual Remuneration Report on pages 73 and 74.</p>

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.

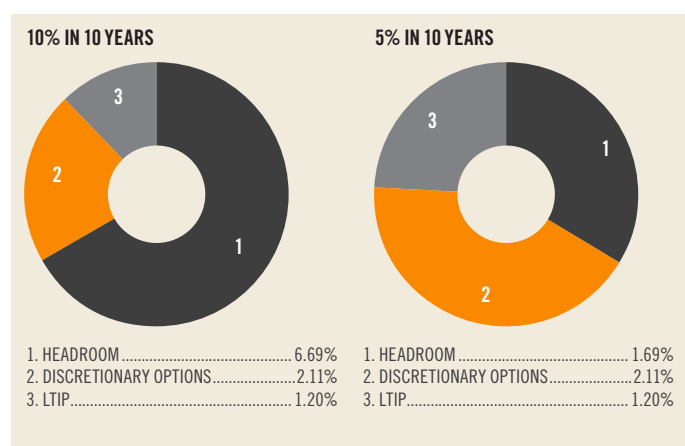
## CLOSED INCENTIVE PLANS

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 2015, the Company held 8,796,228 treasury shares. During the financial year ended 30 September 2015, 756,579 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 2015, the Company's headroom position, which remains within current Guidelines, was as shown in the charts below:



## 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 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 date of appointment.

Directors' shareholdings are reviewed annually by the Remuneration 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.

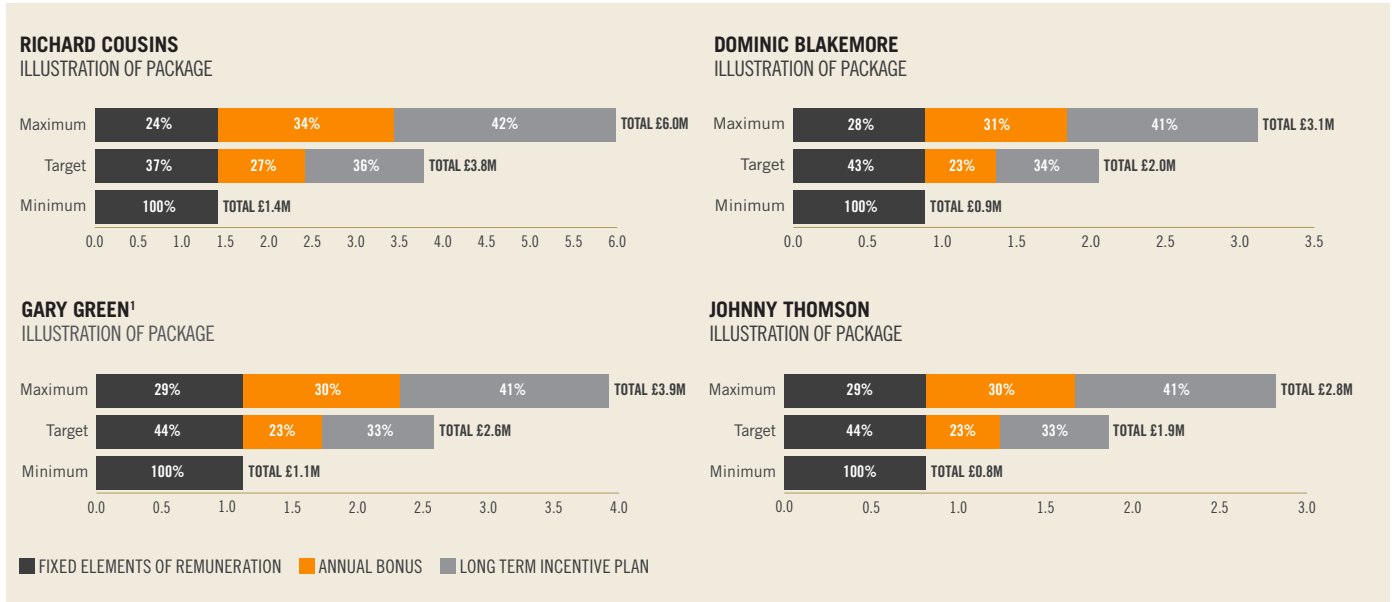
Details of the interests of directors in shares and equity incentives are set out on page 76, together with the extent to which each of the directors has complied with the guidelines as at 30 September 2015.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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.



The scenarios in the above graphs are defined as follows:

	Minimum performance	Target performance	Maximum performance
<b>FIXED ELEMENTS OF REMUNERATION</b>	<ul style="list-style-type: none"> <li>Base salary as at 30 September 2015</li> <li>Estimated value of benefits provided under the Remuneration Policy</li> <li>Cash supplement in lieu of pension of 35% of base salary</li> </ul>		
<b>ANNUAL BONUS</b> (payout as a % maximum opportunity)	0%	50%	100%
<b>LONG TERM INCENTIVE PLAN</b> (vesting as a % maximum opportunity)	0%	54% <sup>2</sup>	100%

1 Note that Gary Green's elements of pay are converted into sterling with an exchange rate of \$1.5482/£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 intended 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 future 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
<b>REMUNERATION</b>	<ul style="list-style-type: none"> <li>• Base salary, pension and benefits</li> <li>• Company car or cash allowance</li> <li>• Private health insurance for director and dependants</li> <li>• Life assurance</li> <li>• Financial planning advice</li> <li>• 25 days' paid annual leave</li> <li>• Participation in annual bonus plan, subject to plan rules</li> <li>• Participation in LTIP, subject to plan rules</li> </ul>
<b>CHANGE OF CONTROL</b>	<ul style="list-style-type: none"> <li>• No special contractual provisions apply in the event of a change of control</li> </ul>
<b>NOTICE PERIOD</b>	<ul style="list-style-type: none"> <li>• 12 months' notice from the Company</li> <li>• 6 months' notice from the director (12 months' from Richard Cousins)</li> </ul>
<b>TERMINATION PAYMENT</b>	Payment in lieu of notice equal to: <ul style="list-style-type: none"> <li>• 12 months' base salary</li> <li>• Pension supplement</li> <li>• 10% of base salary in respect of benefits</li> </ul> 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.
<b>RESTRICTIVE COVENANTS</b>	<ul style="list-style-type: none"> <li>• During employment and for 12 months after leaving</li> </ul>

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, Green and Martin's service contracts are based on this historic policy. After careful consideration, the Committee concluded that it would not be in shareholders' interests to migrate such contracts onto the policy in place since June 2008. 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 will be 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.

## DIRECTORS' REMUNERATION REPORT CONTINUED

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 exit arrangements are set out on page 75.

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 99, have similar service contracts.

The executive directors 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 Sep 2015
Dominic Blakemore	12 December 2011	3 years, 7 months
Richard Cousins	22 November 2007	9 years, 5 months
Gary Green	27 November 2007	8 years, 9 months
Andrew Martin	27 November 2007	11 years, 6 months

Johnny Thomson will be appointed to the Board on 1 December 2015 pursuant to a service agreement dated 23 September 2015.

### CHAIRMAN

The fee for the Chairman is reviewed annually by the Committee with any increase taking effect on 1 October (the date was changed from 1 July so as to align the review of the Chairman's fees with that of the non-executive directors' fees). 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.

### 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 2015 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 Senior Independent Director. Non-executive directors are not eligible for pension scheme membership, bonus, incentive arrangements or other benefits, save reimbursement of travel costs.

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' 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 Sep 2015
Carol Arrowsmith	1 Jun 2014	14 May 2014	1 year, 4 months
John Bason	21 Jun 2011	10 May 2011 7 May 2014*	4 years, 3 months
Susan Murray	11 Oct 2007	11 Oct 2007 16 Mar 2010* 8 May 2013*	8 years
Don Robert	8 May 2009	8 May 2009 8 May 2012* 11 Mar 2015*	6 years, 5 months
Sir Ian Robinson	1 Dec 2006	1 Dec 2006 21 Sep 2009* 14 Nov 2012*	8 years, 10 months
Nelson Silva	16 July 2015	16 July 2015	3 months
Ireena Vittal	16 July 2015	16 July 2015	3 months

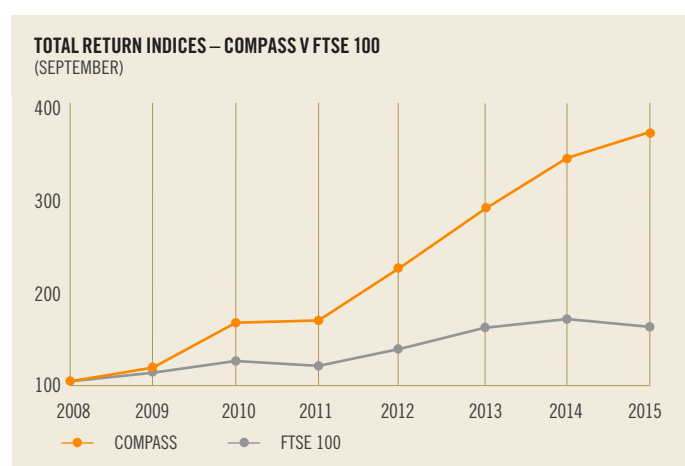
\* Date on which appointment was formally revised.

## ANNUAL REMUNERATION REPORT

### REMUNERATION IN DETAIL FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### TOTAL SHAREHOLDER RETURN (TSR)

The performance graph below shows the Company's TSR performance against the performance of the FTSE 100 over the seven year period to 30 September 2015. 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.



#### 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 seven 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 %
2015	5,325 <sup>1</sup>	88.7	79
2014	6,298 <sup>2</sup>	87.3	100
2013	5,532 <sup>3</sup>	84.5	98.05
2012	4,867 <sup>4</sup>	71.8	100
2011	4,410	75.0	100
2010	5,614	96.0	100
2009	5,268	85.0	100

- Includes LTIP indicative vesting amount of £2.120 million.
- LTIP indicative vesting amount of £3.643 million was disclosed in the 2014 Annual Report. Actual gain was £3.657 million.
- LTIP indicative vesting amount of £2.960 million was disclosed in the 2013 Annual Report. Actual gain was £2.928 million.
- 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 2015, Mr Cousins received 2% salary and 38% bonus more than the equivalent amounts for the year ended 30 September 2014. He received 4.76% more in taxable benefits in 2014-2015 than in the previous year. The average percentage changes for all full-time equivalent employees based in the UK were 0.96% increase, 22% decrease and 7.3% 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.

#### 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 2014 and 2015.

	2015 £m	2014 £m	Change %
Dispersals			
Share buybacks <sup>1</sup>	328	280	17.1
Dividends paid <sup>2</sup>	457	444	2.9
Return of Cash <sup>3</sup>	Nil	1,000	(100)
Total employee costs <sup>4</sup>	7,959	7,794 <sup>5</sup>	2.1

- During the year ended 30 September 2014, 11.3 million shares were repurchased in completion of the £400 million buyback programme announced on 21 November 2012 and 18.2 million shares were repurchased under the £500 million buyback announced on 27 November 2013. A further 30.09 million shares were repurchased under the £500 million buyback during the year ended 30 September 2015. The £500 million buyback completed on 10 August 2015. The total number of shares purchased under the £500 million buyback was 48,291,944. A further 4,345,656 million shares were repurchased from 1 October 2015 up to the date of this Report. Shares repurchased by the Company from 17 June 2015 onward have been held in treasury and used to satisfy the Company's obligations under the Company's employee equity incentive schemes. Shares held in treasury are not eligible to participate in dividends and do not carry any voting rights.
- The total dividend paid during the year ended 30 September 2014 was £444 million and share capital in issue on that date was 1,674 million ordinary shares. 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 full year dividend per ordinary share for the year ended 30 September 2015 increased by 10.9%.
- The Company returned £1 billion to shareholders in July 2014, accompanied by a share capital consolidation, comprising a return of 56 pence per ordinary share prior to such consolidation.
- Total employee costs for continuing and discontinued operations 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 continuing and discontinued operations, during 2015 was 515,864 (2014: 503,537 restated).
- £7,794 million as reported in 2014 (page 69 of the 2014 Annual Report refers) but restated to £7,720 million in 2015 (as referred to in note 3 on page 99 of this Annual Report).

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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 2015.

#### SINGLE TOTAL FIGURE TABLE

Director	Base salary <sup>2</sup> £000		Taxable benefits <sup>3</sup> £000		Bonus <sup>4</sup> £000		LTIP £000		Pension <sup>7</sup> £000		Total £000	
	2015	2014	2015	2014	2015	2014	2015 <sup>5</sup>	2014 <sup>6</sup>	2015	2014	2015	2014
Dominic Blakemore	581	510	16	16	798	688	791	1,217	203	179	2,389	2,610
Richard Cousins	1,009	970	44	42	1,799	1,303	2,120	3,643	353	340	5,325	6,298
Gary Green <sup>1</sup>	795	721	41	38	1,136	1,090	1,218	2,062	279	255	3,469	4,166
Andrew Martin	665	650	42	43	730	928	1,071	1,656	233	228	2,741	3,505
<b>Total by component</b>	<b>3,050</b>	<b>2,851</b>	<b>143</b>	<b>139</b>	<b>4,463</b>	<b>4,009</b>	<b>5,200</b>	<b>8,578</b>	<b>1,068</b>	<b>1,002</b>	<b>13,924</b>	<b>16,579</b>

1 Gary Green's salary of US\$1.241 million and his other emoluments are shown in sterling at an exchange rate of US\$1.5482/£1 (2014: US\$1.6579/£1).

2 Salary increases of 14.3%, 2%, 3% and 3% for Messrs Blakemore, Cousins, Green and Martin respectively were implemented on 1 January 2015.

3 Taxable benefits comprise healthcare insurance, limited financial advice, life assurance and car benefit.

4 Details of the performance measures and weighting as well as achieved results for the bonus and LTIP components are shown below.

5 LTIP 2015: amount shown is the vesting value as at 24 November 2015 (the date of vesting) of LTIPs that have become receivable as a result of the achievement of conditions relating to performance in the three years ended 30 September 2015, calculated in accordance with the 2013 Regulations.

6 LTIP 2014: amount shown is the indicative vesting value on 26 November 2014. The actual value subsequently received by Messrs Cousins and Martin, based on a sale price of 1064.2037 pence on 28 November 2014, was £3,657,881 and £1,662,137 respectively. On 28 November 2014, Messrs Blakemore and Green disposed of 53,866 and 150,000 shares respectively at 1064.2037 pence each; had they sold their vested awards in full, they would have received £1,222,046 and £2,070,046 respectively. Theoretically, if all of the directors had chosen to sell their 2014 LTIP award in full, this would have equated to a combined total of £8,612,110, or £34,017 more than the indicative value reported.

7 Pension: a supplement of 35% of base salary is paid in monthly instalments in lieu of pension participation.

The annual rate of base salaries of the executive directors in office for the year ended 30 September 2015 were:

Director	Base salary	Effective date	Increase	Reason
Dominic Blakemore	£600,000	1 January 2015	14.3%	Progression in the role; gain in experience
Richard Cousins	£1,014,354	1 January 2015	2%	Benchmarked v comparator group
Gary Green	US\$1,241,337	1 January 2015	3%	Benchmarked v comparator group
Andrew Martin	£669,500	1 January 2015	3%	Benchmarked v comparator group

The annual rate of base salaries of the executive directors in office on 1 January 2016 are:

Director	Base salary	Effective date	Increase	Reason
Dominic Blakemore	£640,000 <sup>1</sup>	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	US\$1,294,000	1 January 2016	4.24%	Benchmarked v comparator group
Johnny Thomson <sup>2</sup>	£575,000	1 December 2015	–	Benchmarked v comparator group

1 As announced on 24 September 2015, Dominic Blakemore will be appointed Group Chief Operating Officer, Europe on 1 December 2015. As a result of a change in his role and responsibilities, Mr Blakemore will be awarded a 6.66% increase in his base annual salary from that date.

2 Johnny Thomson will be 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 moderate 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 will be Mr Thomson's first role as a Group Finance Director of a listed company. The salary on appointment has been set at £575,000 per annum, which is 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. Mr Thomson will be entitled to a relocation allowance from Brazil to the UK of £50,000. His bonus and LTIP opportunities are in line with the Policy at 150% and 200% of base salary respectively.

Non-executive directors receive fees only, which are shown on page 75, 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 2015 is shown below:

	2015 £000	2014 £000
Executive directors	13,924	16,579
Chairman and non-executive directors	1,064	1,002
<b>Total</b>	<b>14,988</b>	<b>17,581</b>



## 2014-2015 BONUS

### PERFORMANCE MEASURE OUTCOMES

The financial targets for the bonus for the year ended 30 September 2015, and the extent to which they were achieved, were as set out below. 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, so that charges, such as those related to the Emerging markets and Offshore & Remote restructuring announced on 29 July 2015 (EM & OR charge), are usually excluded.

Financial measures <sup>1</sup>	Minimum	Par (target)	Maximum	Achieved
PBIT <sup>2</sup>	£1,274m	£1,300m	£1,326m	£1,327m
AFCF <sup>3</sup>	£710m	£724m	£738m	£738m
Revenue growth	+3.4%	+4.4%	+5.4%	5.6%

- 1 Financial measures for 2014-2015 bonus purposes are all set at 2015 budget rates, not actuals.
- 2 PBIT is underlying Profit Before Interest and Tax.
- 3 AFCF is Adjusted Free Cash Flow.

HSE improvement	2014-2015 Target	2014-2015 achieved	Target achieved
Lost Time Injury Rate	4.91	4.36	Yes
Food Safety Incident Rate	0.35	0.34	Yes

The resultant percentages against each of the bonus measures achieved by each executive director are shown below:

Measure	Dominic Blakemore	Richard Cousins	Gary Green	Andrew Martin
	% of performance target achieved	% of performance target achieved	% of performance target achieved	% of performance target achieved
PBIT <sup>1</sup>	48.7/55	48.7/55	59.4/60	38.65/55
AFCF	15/15	15/15	–	–
MAWC <sup>2</sup>	–	–	15/15	4.33/15
ORG <sup>3</sup>	25/25	25/25	25/25	24.72/25
HSE	0/5 <sup>4</sup>	0/5 <sup>4</sup>	(5) <sup>5</sup>	5/5
<b>Total</b>	<b>88.7</b>	<b>88.7</b>	<b>94.4</b>	<b>72.7</b>

- 1 Messrs Blakemore, Cousins, Green and Martin's entitlements to any bonus related to the achievement of Group PBIT were exceptionally reduced to exclude the costs, as well as the benefits, borne and delivered during the year of the EM & OR charge, such that the Group PBIT element of the bonus payment was reduced.
- 2 MAWC is 12 months Average Working Capital balance.
- 3 ORG is Organic Revenue Growth.
- 4 Messrs Blakemore and Cousins' entitlements to any bonus related to the achievement of HSE related targets were reduced to zero to recognise that the Group had suffered three fatalities during the year, one in Argentina and two in the USA, which had occurred whilst each employee had been at work, albeit that management were not considered to be culpable, but this recognises the seriousness with which the Company takes HSE outcomes.
- 5 HSE for the North American business is measured through PBIT. Mr Green waived 2.5% of his bonus to recognise that the North American business had suffered two fatalities during the year, which had occurred whilst each employee had been at work, albeit that management were not considered to be culpable, but this recognises the seriousness with which the Company takes HSE outcomes.

### BONUS PAYOUT

The outcome of the annual bonus for the year ended 30 September 2015 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:

	2014-2015 bonus payment (as % of base salary)	Value of bonus
Dominic Blakemore	133.02%	£798,120
Richard Cousins	177.36%	£1,799,058
Gary Green	141.65%	US\$1,758,292
Andrew Martin	109.09%	£730,391

No discretion was applied by the Committee in respect of 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.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 2015-2016 BONUS

#### PERFORMANCE MEASURES

The annual bonus elements for executive directors for the year ending 30 September 2016 are:

Measure	Dominic Blakemore	Richard Cousins	Gary Green	Johnny Thomson <sup>7</sup>
PBIT	55% <sup>1</sup>	55% <sup>2</sup>	60% <sup>1</sup>	55% <sup>2</sup>
AFCF	–	15%	–	15%
MAWC	15% <sup>3</sup>	–	15% <sup>3</sup>	–
ORG	25% <sup>4</sup>	25% <sup>5</sup>	25% <sup>4</sup>	25% <sup>5</sup>
HSE	5%	5%	– <sup>6</sup>	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

1 PBIT split between Group PBIT and PBIT for region of responsibility (Mr Blakemore: 5% Group/50% Regional, Mr Green: 5% Group/55% Regional).

2 PBIT on a Group-wide basis.

3 MAWC for region of responsibility.

4 ORG for region of responsibility.

5 ORG on a Group-wide basis.

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

7 Johnny Thomson will become the Group Finance Director on 1 December 2015.

The Committee has set the targets for the annual bonus plan for the year ended 30 September 2016 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 will be disclosed in next year's Report.

### LONG TERM INCENTIVE AWARDS

During the year ended 30 September 2015, executive directors received a conditional award of shares which may vest after a three year performance period which will end on 30 September 2017, 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 <sup>1</sup> £000
Dominic Blakemore	200%	1,200
Richard Cousins	250%	2,536
Gary Green	200%	1,497
Andrew Martin	200%	1,339

1 Face value of award as at the date of grant on 6 February 2015 based on the market price of 1145.00 pence per share on that day.

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 malus and clawback. As detailed on page 75, at the discretion of the Committee and 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 he will be released from his obligation to hold the vested award for two years thereafter.

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

Definition of measure	Weighting
<b>Adjusted FCF</b> Adjusted FCF includes capital expenditure, net interest and net tax spend but excludes discontinued activities, acquisition spend, disposal proceeds, and unusual or irregular timing differences.	1/3
<b>ROCE achievement</b> 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.	1/3
<b>TSR</b> 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).	1/3

In setting the performance targets, the Committee considers internal budgets and the Group's strategic plan, market expectations and general economic conditions. The table opposite shows the targets against which performance has been measured to determine the vesting of the grant of awards for the year ended 30 September 2015 and forms part of the Policy detailed in the Policy Report on pages 62 to 68.

**TARGETS FOR AWARDS VESTED IN RESPECT OF THE YEAR ENDED 30 SEPTEMBER 2015****AFCF AND ROCE TARGETS****AFCF TARGET**

Level of performance	Vesting % of each component	AFCF
Threshold	0%	£2,246m
Maximum	100%	£2,482m

**ROCE TARGET**

Level of performance	Vesting % of each component	ROCE
Threshold	0%	17.9%
Median	25%	19.6%

**TSR TARGET**

Level of performance	Vesting % of each component
Below Median	0%
Median	25%
Upper Quartile	100%

The table below shows the targets against which performance will be measured to determine the vesting of the grant of awards for the year ending 30 September 2016 and forms part of the Policy detailed in the Policy Report on pages 62 to 68.

**TARGETS FOR AWARDS MADE IN THE YEAR ENDING 30 SEPTEMBER 2016****AFCF AND ROCE TARGETS****AFCF AND ROCE TARGETS**

Level of performance	Vesting % of each component	AFCF	ROCE
Threshold	0%	£2,220m	18.71%
Par (target)	50%	£2,337m	19.21%
Maximum	100%	£2,454m	19.71%

**TSR TARGET**

Level of performance	Vesting % of each component
Below Median	0%
Median	25%
Upper Quartile	100%

Such awards are intended to be made on 25 November 2015.

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 reach 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.

The Committee will review annually whether the measures and targets described above remain 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 will make full and clear disclosure of any such adjustments 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.

**LONG TERM INCENTIVE PLAN PERFORMANCE**

85% of the TSR, 78% of AFCF and 74% of the ROCE performance measures were achieved at the end of the three year performance period, such that 79% of the LTIP awards made during the 2012-2013 financial year vested. Shares will be delivered to individuals following the release of the preliminary results for the year ended 30 September 2015.

**2012-2013 LTIP PERFORMANCE PERIOD ENDED 30 SEPTEMBER 2015 AND VESTED 24 NOVEMBER 2015**

Director	Performance conditions			Number of shares awarded	Number of shares vested	Value of shares on vesting date £000
	TSR % vested on maturity <sup>1</sup>	AFCF % vested on maturity	ROCE % vested on maturity			
Dominic Blakemore	85%	78%	74%	92,664	73,203	791
Richard Cousins	85%	78%	74%	248,517	196,327	2,120
Gary Green	85%	78%	74%	142,728	112,754	1,218
Andrew Martin	85%	78%	74%	125,481	99,128	1,071

1 TSR ranking was 25th in its comparator group.

## DIRECTORS' REMUNERATION REPORT CONTINUED

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 2015:

Year of award	Maturity date	Performance conditions	TSR % vested on maturity or indicative vesting percentage	ROCE % vested on maturity	AFCF % vested on maturity
2010-2011	1 Oct 2013	TSR/AFCF	96.1%	n/a	100%
2011-2012	1 Oct 2014	TSR/AFCF	100%	n/a	100%
2012-2013	1 Oct 2015	TSR/AFCF/ROCE	85% (after 36 months)	74% (after 36 months)	78% (after 36 months)
2013-2014	1 Oct 2016	TSR/AFCF/ROCE	67.9% (after 24 months)	32% (after 24 months)	22% (after 24 months)
2014-2015	1 Oct 2017	TSR/AFCF/ROCE	51.3% (after 12 months)	0% (after 12 months)	29% (after 12 months)

AFCF targets for each of the last three years are shown within note 24 to the consolidated financial statements on pages 130 to 134.

### 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 in office during the year ended 30 September 2015, 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 Sep 2014: 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 Sep 2015: number of shares	Market price at date of award: pence	Date of award	Maturity date
Dominic Blakemore	114,832	–	114,832	–	–	624.50	17 May 2012	1 Oct 2014
	92,664	–	–	–	92,664	775.00	12 Feb 2013	1 Oct 2015
	78,090	–	–	–	78,090	926.00	2 Dec 2013	1 Oct 2016
	–	104,802	–	–	104,802	1145.00	6 Feb 2015	1 Oct 2017
<b>Total</b>	<b>285,586</b>	<b>104,802</b>	<b>114,832</b>	<b>–</b>	<b>275,556</b>			
Richard Cousins	343,720	–	343,720	–	–	551.00	25 Nov 2011	1 Oct 2014
	248,517	–	–	–	248,517	775.00	12 Feb 2013	1 Oct 2015
	209,436	–	–	–	209,436	926.00	2 Dec 2013	1 Oct 2016
	–	221,475	–	–	221,475	1145.00	6 Feb 2015	1 Oct 2017
<b>Total</b>	<b>801,673</b>	<b>221,475</b>	<b>343,720</b>	<b>–</b>	<b>679,428</b>			
Gary Green	194,516	–	194,516	–	–	551.00	25 Nov 2011	1 Oct 2014
	142,728	–	–	–	142,728	775.00	12 Feb 2013	1 Oct 2015
	121,620	–	–	–	121,620	926.00	2 Dec 2013	1 Oct 2016
	–	130,785	–	–	130,785	1145.00	6 Feb 2015	1 Oct 2017
<b>Total</b>	<b>458,864</b>	<b>130,785</b>	<b>194,516</b>	<b>–</b>	<b>395,133</b>			
Andrew Martin	156,186	–	156,186	–	–	551.00	25 Nov 2011	1 Oct 2014
	125,481	–	–	–	125,481	775.00	12 Feb 2013	1 Oct 2015
	105,747	–	–	–	105,747	926.00	2 Dec 2013	1 Oct 2016
	–	116,943	–	–	116,943	1145.00	6 Feb 2015	1 Oct 2017
<b>Total</b>	<b>387,414</b>	<b>116,943</b>	<b>156,186</b>	<b>–</b>	<b>348,171</b>			

#### Notes:

- 50% of each award granted prior to 7 February 2013 is based on a three year AFCF target, and 50% is based on growth in the Company's TSR relative to the FTSE 100, excluding its financial services constituents.
- One third of each award granted from 7 February 2013 is based on a three year AFCF target, one third on a ROCE improvement target and one third on growth in the Company's TSR relative to the FTSE 100, excluding its financial services constituents.
- Aggregate gross gains realised by Messrs Blakemore, Cousins, Green and Martin were £8,612,110 in the year ended 30 September 2015. The closing share price at the time of release of their awards was 1064.00 pence per share.
- The market price on 24 November 2015, the date of vesting of the award made on 12 February 2013, was 1080.00 pence per share.
- All awards were granted for nil consideration.
- The highest mid-market price of the Company's ordinary shares during the year ended 30 September 2015 was 1223.36 pence per share and the lowest was 924.40 pence per share. The year end price was 1053.00 pence per share.
- As detailed on page 75, 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 he will be released from his obligation to hold the vested award for two years thereafter.

## PENSIONS

At 30 September 2015, 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 and Gary Green each receive a salary supplement equal to 35% of their base salaries in lieu of pension. Andrew Martin has, since 6 April 2006, received a salary supplement equal to 35% of his base salary and has waived all rights to his final salary pension, money purchase pension and unfunded unapproved pension relating to his employment prior to that date. Johnny Thomson will receive a salary supplement equal to 35% of his base salary in lieu of pension.

## EXIT PAYMENTS

No executive directors left the Company during the year ended 30 September 2015 and therefore no payments for compensation for loss of office were paid to, or receivable by, any director (30 September 2014: nil). No payments (other than regular pension benefits which were commenced in previous years) were made during the year ended 30 September 2015 to any past director of the Company.

As announced on 16 July 2015, Sir Ian Robinson will step 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 has been or will be 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 (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 2016 AGM.

As further announced on 24 September 2015, Andrew Martin will step down from the Board on 1 December 2015. Mr Martin will receive his current salary and benefits, as well as bonus for the transitional period from 1 October 2015 to 31 December 2015 during which time he will be supporting the transition of Mr Blakemore. Thereafter, he will receive a sum equivalent to his contractual entitlement based on 12 months' base salary, on target bonus and pre-determined benefits in lieu of notice. Mr Martin's service contract was entered into in 2007 and included the payment of on target bonus in the calculation of his contractual entitlement. Service contracts entered into since summer 2008 do not contain any element of bonus in contractual entitlements in the calculation of payment in lieu of notice. The Remuneration Committee has also decided that it is appropriate to exercise its discretion, in view of his exceptional past performance, to allow Mr Martin's final LTIP award granted on 6 February 2015 to vest in 2017, subject to the achievement of corporate performance targets, and he will be released from his obligation to hold the vested award for two years thereafter. A 430(2b) statement will also be posted on the Company's website in connection with Mr Martin ceasing to be a director of the Company as soon as reasonably practicable after 1 December 2015.

## 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 €127,235, £81,818 and £60,000 during the year in respect of their directorships of Shire plc, Tesco PLC and easyJet plc respectively, which they were permitted to retain.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

The Chairman, Paul Walsh, had 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 AGM on 6 February 2014. He received a base fee of £81,000 per annum initially, increasing to £475,000 per annum on his appointment as Chairman. 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. Following consideration by the Committee during the year ended 30 September 2015, the Chairman's fee of £475,000 per annum, which was set at the time of his appointment, was increased to £500,000 per annum with effect from 1 October 2015.

Details of amounts received by Paul Walsh during the year ended 30 September 2015 are shown below:

	Fees £000	Benefits <sup>1</sup> £000	2015 £000	2014 £000
Chairman				
Paul Walsh	475	50	525	368

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 2015 are set out below:

	2015 £000	2014 £000
Carol Arrowsmith <sup>1</sup>	106	34
John Bason	106	103
Susan Murray	96	93
Don Robert <sup>2</sup>	84	81
Sir Ian Robinson <sup>2</sup>	111	121
Nelson Silva <sup>3</sup>	18	–
Ireena Vittal <sup>3</sup>	18	–
Total	539	432

1 Appointed to the Board on 1 June 2014.

2 Sir Ian Robinson stepped down as the SID on 1 October 2015 and was succeeded by Don Robert. The respective changes will be reflected in the fees disclosed in the 2016 Annual Report.

3 Appointed to the Board on 16 July 2015.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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 2015 in shares and share incentives are shown in the table below:

Director	Beneficial		Conditional		Shareholding required <sup>2</sup>	Compliance with shareholding guidelines <sup>3</sup>
	Shares held as at 30 Sep 2015	Shares held as at 30 Sep 2014 <sup>1</sup>	LTIP holdings as at 30 Sep 2015	LTIP holdings as at 30 Sep 2014		
Carol Arrowsmith	7,503	4,035	n/a	n/a	1 x	√
John Bason	10,823	10,714	n/a	n/a	1 x	√
Dominic Blakemore <sup>4</sup>	60,966	–	275,556	285,586	1.5 x	√
Richard Cousins	1,515,815	1,515,815	679,428	801,673	2 x	√
Gary Green	365,819	471,725	395,133	458,864	1.5 x	√
Andrew Martin <sup>5</sup>	500,000	611,764	348,171 <sup>5</sup>	387,414	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	14,117	14,117	n/a	n/a	1 x	√
Nelson Silva <sup>4</sup>	8,200	–	n/a	n/a	1 x	√
Ireena Vittal <sup>4</sup>	–	–	n/a	n/a	1 x	√
Paul Walsh	21,411	11,411	n/a	n/a	1 x	√

1 Following the Return of Cash and associated Share Capital Consolidation of 8 July 2014 whereby 17 ordinary shares of 10 pence each were replaced by 16 new ordinary shares of 10% pence each in the Company.

2 As a multiple of base salary or fee.

3 Requirement to achieve within four year period commencing from date of appointment.

4 Dominic Blakemore was appointed to the Board in February 2013. Ireena Vittal and Nelson Silva were appointed to the Board in July 2015. Mrs Vittal and Mr Blakemore are intending to progressively build up their share ownership in the Company.

5 As detailed on page 75, at the discretion of the Committee, Mr Martin's LTIP award granted on 6 February 2015 will be permitted to vest in 2017, subject to the achievement of corporate performance targets and in view of his exceptional past performance, and he will be released from his obligation to hold the vested award for two years thereafter.

Interests shown include the interests of connected persons.

There were no changes in directors' interests between 30 September 2015 and 24 November 2015.

### 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 99.

### REMUNERATION ADVICE

The Chairman and the Group Chief Executive, together with Robin Mills (Group Human Resources Director) and Harriet Kemp (Director of Group Reward & People Processes), 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 2015 are set out on page 61.

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 PricewaterhouseCoopers, LLP (PWC) to advise on compensation related matters, including undertaking a benchmarking exercise in respect of the remuneration of the Chairman and non-executive directors and of the Executive Board including the Group Chief Executive, for which it received total fees (based on hours spent) of £39,900 (2014: £50,350).

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 (2014: £24,000). It also provided the TSR performance graph for the Directors' Remuneration Report, for which it received a fixed fee of £500 (2014: £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 DIRECTORS' REMUNERATION REPORT

The table below shows the voting outcome at the AGM held on 5 February 2015 for the 2014 Remuneration Policy (binding vote) and 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' <sup>1</sup>
Remuneration Policy	1,094,017,323	90.79	110,932,945	9.21	1,204,950,268	55,045,261
Annual Remuneration Report	1,152,726,748	92.47	93,900,199	7.53	1,246,626,947	13,362,779

1 A vote withheld is not a vote in law.

90.79% of the binding votes cast were for the approval of the Remuneration Policy, with 9.21% against (4.56% of the total number of votes cast abstained). Of the advisory votes cast for the Annual Remuneration Report, 92.47% were for the Resolution, with 7.53% against (1.07% of the total number of votes cast abstained).

The Committee welcomed endorsement 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. However, at the 2016 AGM, shareholders will be invited to vote on the Annual Remuneration Report for 2014-2015.

On behalf of the Board



CAROL ARROWSMITH

Chairman of the Remuneration Committee  
24 November 2015

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# CONSOLIDATED FINANCIAL STATEMENTS

## DIRECTORS' RESPONSIBILITIES

The Annual Report and Accounts complies with the Disclosure and Transparency Rules (DTR) of the United Kingdom's Financial Conduct Authority and the UK Corporate Governance Code 2014 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 Company's performance, business model and strategy
- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS)
- the financial statements 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

On behalf of the Board



MARK WHITE

General Counsel and Company Secretary  
24 November 2015

## 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 European Union (EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards.

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; and
- 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 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and Parent Company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity, the accounting policies and the related notes. 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 2015 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; 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 were as follows:

#### VALUATION OF GOODWILL

Refer to page 48 (*Governance and Directors' Report*), page 91 (*accounting policy*) and page 105 (*financial disclosures*).

- *The risk:* The Group's balance sheet includes goodwill of £1,433 million relating to the UK business the carrying value of which has historically been sensitive to changes in the key assumptions, in particular to changes in forecast sales growth rates, operating profit margins and discount rates. The headroom in the UK currently is such that the directors do not consider there to be any reasonably possible sensitivities that would result in a write down being required, however, this itself is a matter of judgement and the carrying value of this asset therefore continues to be an area of audit focus.

- *Our response:* Our audit procedures included testing of the historical accuracy of the Group's budgeting and forecasting process upon which the UK discounted cash flow model is based. We tested the principles that underpin the calculations in the model and the integrity of the data. We evaluated the assumptions and methodologies used for the UK discounted cash flow model, in particular those relating to forecast revenue growth and working capital movements, including assessing the reasonableness of the forecast revenue growth against historical growth rates. We compared the assumptions within the UK discounted cash flow model to externally derived data as well as our own assessments in relation to key inputs such as projected economic growth. Our valuation specialists assisted in evaluating the assumptions and methodologies underlying the discount rates adopted by the Group. We considered the sensitivity of key inputs to reasonably possible changes in assumptions. We also assessed the adequacy of the Group's disclosures in respect of goodwill by reference to relevant accounting standards.

#### TAXATION

Refer to page 48 (*Governance and Directors' Report*), page 91 (*accounting policy*) and page 136 (*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 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 48 (Governance and Directors' Report) and page 91 (accounting policy).

- *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. 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.

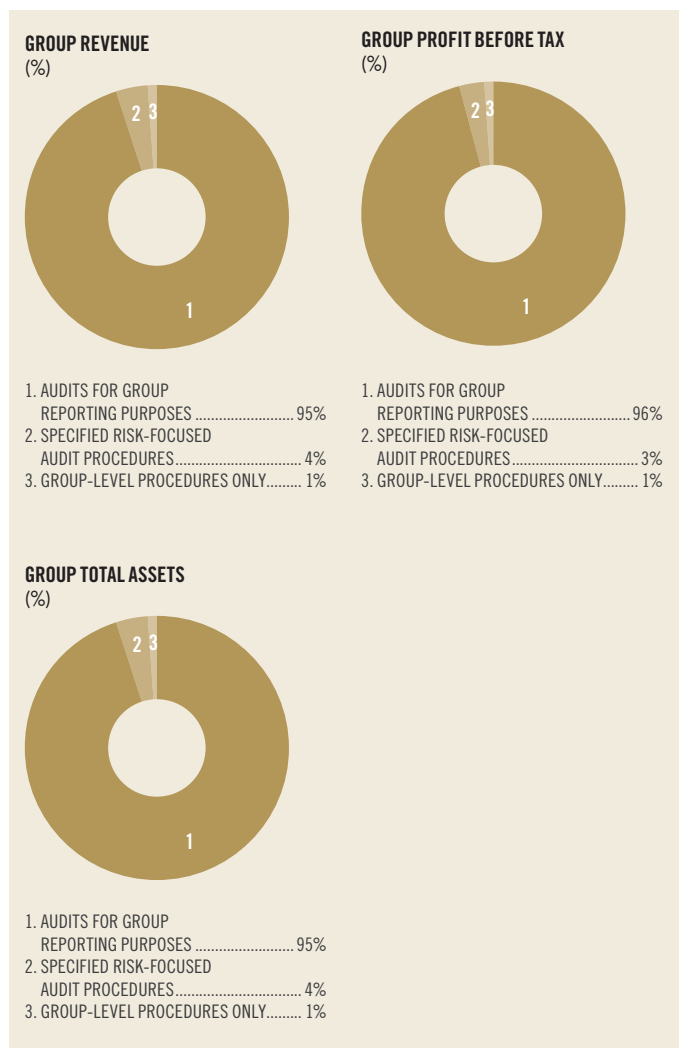
### 3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

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

Of the Group's 52 reporting components, we subjected 44 to audits for Group reporting purposes and one to specified risk-focused audit procedures. The latter was not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the Group's results:



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

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 £0.06 million to £49.2 million, having regard to the mix of size and risk profile of the Group across the components. 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 18 component locations, to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and the majority of the others that were not physically visited. 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 page 30, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group continuing in operation over the three years to 2018; or
- the disclosures in note 1 of the financial statements 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 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 page 30, in relation to going concern and longer term viability; and
- the part of the Corporate Governance Statement on page 44 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 OF REPORT AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities statement set out on page 79, 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](http://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](http://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  
24 November 2015

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	Total 2015 £m	Total 2014 Restated <sup>1</sup> £m
<b>CONTINUING OPERATIONS</b>			
<b>Combined sales of Group and share of equity accounted joint ventures</b>	1	<b>17,843</b>	17,058
Less: share of sales of equity accounted joint ventures		(253)	(204)
<b>Revenue</b>		<b>17,590</b>	16,854
Operating costs	2	(16,368)	(15,670)
Operating costs, excluding Emerging Markets and Offshore & Remote restructuring		(16,342)	(15,670)
Emerging Markets and Offshore & Remote restructuring		(26)	–
<b>Operating profit before joint ventures and associates</b>		<b>1,222</b>	1,184
Share of profit after tax of joint ventures and associates	1,12	39	30
<b>Operating profit</b>	1	<b>1,261</b>	1,214
<b>Underlying operating profit<sup>2</sup></b>	1	<b>1,296</b>	1,245
Amortisation of intangibles arising on acquisition	10	(26)	(25)
Acquisition transaction costs	25	(2)	(3)
Adjustment to contingent consideration on acquisition		(5)	–
Tax on share of profit of joint ventures		(2)	(3)
(Loss)/profit on disposal of US businesses		(1)	1
Profit on disposal of interest in associates		–	13
Finance income	4	3	5
Finance costs	4	(107)	(91)
Other financing items	4	3	2
<b>Profit before tax</b>		<b>1,159</b>	1,144
Income tax expense	5	(282)	(276)
<b>Profit for the year from continuing operations</b>	1	<b>877</b>	868
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit for the year from discontinued operations</b>	6	–	3
<b>CONTINUING AND DISCONTINUED OPERATIONS</b>			
<b>Profit for the year</b>		<b>877</b>	871
<b>ATTRIBUTABLE TO</b>			
Equity shareholders of the Company	7	869	865
Non-controlling interests		8	6
<b>Profit for the year</b>		<b>877</b>	871
<b>BASIC EARNINGS PER SHARE (PENCE)</b>			
From continuing operations	7	52.3p	48.8p
From discontinued operations	7	–	0.2p
From continuing and discontinued operations	7	52.3p	49.0p
<b>DILUTED EARNINGS PER SHARE (PENCE)</b>			
From continuing operations	7	52.2p	48.7p
From discontinued operations	7	–	0.2p
From continuing and discontinued operations	7	52.2p	48.9p

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 Underlying operating profit excludes amortisation of intangibles arising on acquisition, acquisition transaction costs and adjustment to contingent consideration on acquisition, 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 2015**

	Notes	2015 £m	2014 Restated <sup>1</sup> £m
<b>Profit for the year</b>		<b>877</b>	871
<b>Other comprehensive income</b>			
<b>Items that are not reclassified subsequently to profit or loss</b>			
Remeasurement of post-employment benefit obligations – loss	22	(37)	(146)
Return on plan assets, excluding interest income – gain	22	145	137
Tax on items relating to the components of other comprehensive income	5	(20)	3
		<b>88</b>	(6)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences		(92)	(103)
		<b>(92)</b>	(103)
<b>Total other comprehensive loss for the year</b>		<b>(4)</b>	(109)
<b>Total comprehensive income for the year</b>		<b>873</b>	762
<b>ATTRIBUTABLE TO</b>			
Equity shareholders of the Company		865	756
Non-controlling interests		8	6
<b>Total comprehensive income for the year</b>		<b>873</b>	762

<sup>1</sup> 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Attributable to equity shareholders of the Company						Non-controlling interests £m	Total £m
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings £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	–	–	–	–	(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 <sup>1</sup>	(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 8)	–	–	–	–	–	(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.

	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Adjustment for minority interest put options reserve £m	Total other reserves £m
<b>OTHER RESERVES</b>						
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

Own shares held by the Group represent 27,799 new ordinary shares in Compass Group PLC (2014: 54,941 ordinary shares). 11,601 (2014: 38,743) shares are held by the Compass Group Employee Share Trust (ESOP) and 16,198 (2014: 16,198) shares 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 2015 was £0.3 million (2014: £0.5 million). The nominal value held at 30 September 2015 was £2,954 (2014: £5,837).

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.

From 17 June 2015, repurchased ordinary shares were transferred and held in treasury for the purpose of satisfying the Company's obligations under employee equity incentive schemes.

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Attributable to equity shareholders of the Company						Non-controlling interests £m	Total Restated <sup>1</sup> £m
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings £m		
At 1 October 2013	180	400	55	(1)	4,374	(2,227)	9	2,790
Profit for the year	–	–	–	–	–	865	6	871
Other comprehensive income								
Currency translation differences	–	–	–	–	(103)	–	–	(103)
Remeasurement of post-employment benefit obligations – loss	–	–	–	–	–	(146)	–	(146)
Return on plan assets, excluding interest income – gain	–	–	–	–	–	137	–	137
Tax on items relating to the components of other comprehensive income	–	–	–	–	(3)	6	–	3
Total other comprehensive loss	–	–	–	–	(106)	(3)	–	(109)
Total comprehensive (loss)/income for the year	–	–	–	–	(106)	862	6	762
Issue of shares (for cash)	1	6	–	–	–	–	–	7
Share issue expenses	–	(2)	–	–	–	–	–	(2)
B and C shares issued through capitalisation of share premium	235	(235)	–	–	–	–	–	–
Redemption and cancellation of B shares	(235)	–	235	–	–	–	–	–
Fair value of share-based payments	–	–	–	–	13	–	–	13
Tax on items taken directly to equity (note 5)	–	–	–	–	–	6	–	6
Share buyback <sup>2</sup>	(3)	–	3	–	–	(280)	–	(280)
Release of LTIP award settled by issue of new shares	–	5	–	–	(5)	–	–	–
Other changes	–	–	–	–	1	1	(1)	1
	178	174	293	(1)	4,277	(1,638)	14	3,297
Return of Cash to Compass shareholders (note 8)	–	–	–	–	–	(1,000)	–	(1,000)
Dividends paid to Compass shareholders (note 8)	–	–	–	–	–	(444)	–	(444)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(5)	(5)
At 30 September 2014	178	174	293	(1)	4,277	(3,082)	9	1,848

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11.

2 Including stamp duty and brokers' commission.

	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
<b>OTHER RESERVES</b>					
At 1 October 2013	162	4,170	7	35	4,374
Other comprehensive income					
Currency translation differences	–	–	–	(103)	(103)
Tax on items relating to the components of other comprehensive income (note 5)	–	–	–	(3)	(3)
Total other comprehensive loss	–	–	–	(106)	(106)
Fair value of share-based payments	13	–	–	–	13
Release of LTIP award settled by issue of new shares	(5)	–	–	–	(5)
Other changes	–	–	–	1	1
At 30 September 2014	170	4,170	7	(70)	4,277



# CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2015

	Notes	2015 £m	2014 Restated <sup>1</sup> £m
<b>NON-CURRENT ASSETS</b>			
Goodwill	9	3,538	3,528
Other intangible assets	10	1,130	1,010
Property, plant and equipment	11	764	724
Interests in joint ventures and associates	12	203	189
Other investments	13	38	36
Trade and other receivables	14	71	70
Deferred tax assets*	5	182	246
Derivative financial instruments**	19	58	50
<b>Non-current assets</b>		<b>5,984</b>	<b>5,853</b>
<b>CURRENT ASSETS</b>			
Inventories	16	282	265
Trade and other receivables	14	2,115	2,069
Tax recoverable*		64	32
Cash and cash equivalents**	17	283	408
Derivative financial instruments**	19	19	16
<b>Current assets</b>		<b>2,763</b>	<b>2,790</b>
<b>Total assets</b>		<b>8,747</b>	<b>8,643</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings <sup>2**</sup>	18	(247)	(315)
Derivative financial instruments**	19	(7)	(4)
Provisions	21	(136)	(161)
Current tax liabilities*		(169)	(148)
Trade and other payables <sup>2</sup>	20	(3,157)	(3,077)
<b>Current liabilities</b>		<b>(3,716)</b>	<b>(3,705)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings**	18	(2,684)	(2,525)
Derivative financial instruments**	19	(25)	(1)
Post-employment benefit obligations	22	(9)	(170)
Provisions	21	(251)	(277)
Deferred tax liabilities*	5	(28)	(39)
Trade and other payables	20	(84)	(78)
<b>Non-current liabilities</b>		<b>(3,081)</b>	<b>(3,090)</b>
<b>Total liabilities</b>		<b>(6,797)</b>	<b>(6,795)</b>
<b>Net assets</b>		<b>1,950</b>	<b>1,848</b>
<b>EQUITY</b>			
Share capital	23	176	178
Share premium account		182	174
Capital redemption reserve		295	293
Less: Own shares		(1)	(1)
Other reserves		4,189	4,277
Retained earnings		(2,904)	(3,082)
<b>Total equity shareholders' funds</b>		<b>1,937</b>	<b>1,839</b>
<b>Non-controlling interests</b>		<b>13</b>	<b>9</b>
<b>Total equity</b>		<b>1,950</b>	<b>1,848</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

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

Approved by the Board of Directors on 24 November 2015 and signed on their behalf by

RICHARD COUSINS, Director

DOMINIC BLAKEMORE, Director

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £m	2014 Restated <sup>1</sup> £m
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	26	1,476	1,417
Interest paid		(96)	(77)
Tax received		19	24
Tax paid		(261)	(266)
<b>Net cash from operating activities</b>		<b>1,138</b>	<b>1,098</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of subsidiary companies and investments in associated undertakings <sup>2</sup>		(89)	(176)
Proceeds from sale of subsidiary companies and associated undertakings – discontinued activities <sup>2</sup>	6	–	(1)
Proceeds from sale of subsidiary companies and associated undertakings – continuing activities <sup>2</sup>		3	66
Tax on profits from sale of subsidiary companies and associated undertakings		–	(4)
Purchase of intangible assets	10	(222)	(206)
Purchase of property, plant and equipment <sup>3</sup>		(282)	(261)
Proceeds from sale of property, plant and equipment/intangible assets		28	22
Purchase of other investments	13	(1)	(2)
Proceeds from sale of other investments		1	3
Dividends received from joint ventures and associates		27	22
Interest received		3	6
<b>Net cash used in investing activities</b>		<b>(532)</b>	<b>(531)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary share capital		2	5
Purchase of own shares <sup>4</sup>		(328)	(280)
Receipts from issue of treasury shares to satisfy employee share scheme awards exercised		1	–
Increase in borrowings <sup>5</sup>	27	334	671
Repayment of loan notes <sup>5</sup>	27	(250)	(74)
Repayment of obligations under finance leases	27	(5)	(5)
Return of Cash to Compass shareholders	8	–	(1,000)
Equity dividends paid	8	(457)	(444)
Dividends paid to non-controlling interests		(6)	(3)
<b>Net cash used in financing activities</b>		<b>(709)</b>	<b>(1,130)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>Net decrease in cash and cash equivalents</b>	27	<b>(103)</b>	<b>(563)</b>
Cash and cash equivalents at beginning of the year	27	408	987
Currency translation losses on cash and cash equivalents	27	(22)	(16)
<b>Cash and cash equivalents at end of the year</b>	27	<b>283</b>	<b>408</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 Net of cash acquired or disposed and payments received or made under warranties and indemnities.

3 Includes property, plant and equipment purchased under client commitments.

4 Includes stamp duty and brokers' commission.

5 2014 re-presented to show gross up of net increase in borrowings.

**RECONCILIATION OF FREE CASH FLOW FROM CONTINUING OPERATIONS**

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 £m	2014 Restated <sup>1</sup> £m
<b>Net cash from operating activities of continuing operations</b>	<b>1,138</b>	<b>1,098</b>
Purchase of intangible assets	(222)	(206)
Purchase of property, plant and equipment	(282)	(261)
Proceeds from sale of property, plant and equipment/intangible assets	28	22
Purchase of other investments	(1)	(2)
Proceeds from sale of other investments	1	3
Dividends received from joint ventures and associates	27	22
Interest received	3	6
Dividends paid to non-controlling interests	(6)	(3)
<b>Free cash flow from continuing operations</b>	<b>686</b>	<b>679</b>
Add back: Europe & Japan cash restructuring costs in the year	36	58
<b>Underlying free cash flow</b>	<b>722</b>	<b>737</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

## 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 2015. 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 Director's statement on page 30.

In the current financial year, the Group has adopted:

- IFRS 10 'Consolidated financial statements' – as a result of IFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure to variable returns from its involvement and ability to use its power to affect those returns. In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investments at 1 October 2014. No modifications of previous conclusions about control regarding the Group's investees were required.
- IFRS 11 'Joint arrangements' – as a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interest in joint arrangements as either joint operations when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, or joint ventures when the Group has rights only to the net assets of an arrangement. When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. Prior to IFRS 11, the Group's share in joint ventures was accounted for using the proportionate consolidation method. As equity accounting is now compulsory for joint ventures, details of the restatement to the year ended 30 September 2014 are set out in note 15. Our conclusions about the classification of joint arrangements between joint operations and joint ventures remain the same.
- IFRS 12 Disclosure of interests in other entities
- IFRIC 21 Levies

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 2015 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 is currently assessing 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. It is anticipated that there will be an impact on the Group as a result of changes in the accounting treatment of some client commitment contract intangibles, variable payments to clients and sales commissions.

Amendments to IAS 1 – Disclosure initiative

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

Amendments to IAS 19 – Defined benefit plans: Employee contributions

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

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between investor and its associate or joint venture

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

Improvements to IFRS 2010-2012 Cycle

Improvements to IFRS 2011-2013 Cycle

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.

## ACCOUNTING POLICIES CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### GOODWILL

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in section M on page 91. 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 9 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 22 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 Group has control. Control exists when the Company has power over an entity, exposure to variable returns from its involvement 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 92 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 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 made to consumers, the subsidy charged to clients, together with the management fee charged to clients.

**FIXED PRICE CONTRACTS**

Revenue from fixed price contracts is recognised in proportion to the volume of services that the Group is contracted to supply 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 and 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 substantially 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.

## ACCOUNTING POLICIES CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 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.

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.

#### 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 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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

## 1 SEGMENTAL REPORTING

The management of the Group's operations, excluding Central activities, is organised within three segments: North America, the more developed markets of Europe & Japan and our Fast Growing & Emerging markets. These, together with Central activities, comprise the Group's reportable segments. These segments comprise countries which are at similar stages of development and demonstrate similar economic characteristics. Each segment derives revenue from delivery of food and support services.

REVENUE <sup>1</sup>	Geographical segments			Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	
<b>YEAR ENDED 30 SEPTEMBER 2015</b>				
Combined sales of Group and share of equity accounted joint ventures <sup>2,3</sup>	<b>9,361</b>	<b>5,469</b>	<b>3,013</b>	<b>17,843</b>
<b>YEAR ENDED 30 SEPTEMBER 2014</b>				
Combined sales of Group and share of equity accounted joint ventures <sup>2,3</sup>	8,199	5,716	3,143	17,058

REVENUE <sup>1</sup>	Sectors					Total £m
	Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	
<b>YEAR ENDED 30 SEPTEMBER 2015</b>						
Combined sales of Group and share of equity accounted joint ventures <sup>2</sup>	<b>6,743</b>	<b>3,139</b>	<b>3,847</b>	<b>2,138</b>	<b>1,976</b>	<b>17,843</b>
<b>YEAR ENDED 30 SEPTEMBER 2014</b>						
Combined sales of Group and share of equity accounted joint ventures <sup>2</sup>	6,783	2,815	3,515	1,857	2,088	17,058

1 There is no inter-segmental trading.

2 This is the revenue measure considered by the chief operating decision maker.

3 Continuing underlying revenue from external customers arising in the UK, the Group's country of domicile, was £1,912 million (2014: £1,787 million). Continuing underlying revenue from external customers arising in the US was £8,557 million (2014: £7,413 million). Continuing underlying revenue from external customers arising in all foreign countries from which the Group derives revenue was £15,931 million (2014: £15,271 million).



## 1 SEGMENTAL REPORTING CONTINUED

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
<b>RESULT</b>					
<b>YEAR ENDED 30 SEPTEMBER 2015</b>					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	759	395	193	(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	760	397	218	(66)	1,309
Add: Share of profit of associates	8	5	–	–	13
<b>Underlying operating profit before Emerging Markets and Offshore &amp; Remote restructuring</b>	<b>768</b>	<b>402</b>	<b>218</b>	<b>(66)</b>	<b>1,322</b>
Less: Emerging Markets and Offshore & Remote restructuring <sup>1</sup>	–	–	(21)	(5)	(26)
<b>Underlying operating profit<sup>2</sup></b>	<b>768</b>	<b>402</b>	<b>197</b>	<b>(71)</b>	<b>1,296</b>
Less: Amortisation of intangibles arising on acquisition	(15)	(5)	(6)	–	(26)
Less: Acquisition transaction costs	(2)	–	–	–	(2)
Less: Tax on share of profit of joint ventures	–	(1)	(1)	–	(2)
Add: Adjustment to contingent consideration on acquisition	(5)	–	–	–	(5)
<b>Total operating profit – continuing</b>	<b>746</b>	<b>396</b>	<b>190</b>	<b>(71)</b>	<b>1,261</b>
Loss on disposal of US business					(1)
Finance income					3
Finance costs					(107)
Other financing items					3
<b>Profit before tax</b>					<b>1,159</b>
Income tax expense					(282)
<b>Profit for the year from continuing operations</b>					<b>877</b>
<b>RESULT</b>					
<b>YEAR ENDED 30 SEPTEMBER 2014<sup>3</sup></b>					
Underlying operating profit before joint ventures and associates	666	406	205	(65)	1,212
Add: Share of profit before tax of joint ventures	–	3	21	–	24
Underlying operating profit before associates	666	409	226	(65)	1,236
Add: Share of profit of associates	6	3	–	–	9
<b>Underlying operating profit<sup>2</sup></b>	<b>672</b>	<b>412</b>	<b>226</b>	<b>(65)</b>	<b>1,245</b>
Less: Amortisation of intangibles arising on acquisition	(12)	(5)	(8)	–	(25)
Less: Acquisition transaction costs	(2)	(1)	–	–	(3)
Less: Tax on share of profit of joint ventures	–	(1)	(2)	–	(3)
Add: Adjustment to contingent consideration on acquisition	1	–	(1)	–	–
<b>Total operating profit – continuing</b>	<b>659</b>	<b>405</b>	<b>215</b>	<b>(65)</b>	<b>1,214</b>
Profit on disposal of US businesses					1
Profit on disposal of interest in associates					13
Finance income					5
Finance costs					(91)
Other financing items					2
<b>Profit before tax</b>					<b>1,144</b>
Income tax expense					(276)
<b>Profit for the year from continuing operations</b>					<b>868</b>

1 The Group has incurred charges resulting from the restructuring and in response to the downturn in the trading conditions of its Emerging Markets and Offshore & Remote activities which include headcount reductions (£17 million) and onerous contract provisions (£9 million).

2 Underlying operating profit is the profit measure considered by the chief operating decision maker.

3 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 1 SEGMENTAL REPORTING CONTINUED

	Geographical segments				Unallocated		Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Current and deferred tax £m	Net debt £m	
<b>BALANCE SHEET</b>							
<b>AS AT 30 SEPTEMBER 2015</b>							
Total assets	3,813	3,241	1,067	21	246	359	8,747
Total liabilities	(1,769)	(1,084)	(529)	(256)	(197)	(2,962)	(6,797)
<b>Net assets/(liabilities)</b>	<b>2,044</b>	<b>2,157</b>	<b>538</b>	<b>(235)</b>	<b>49</b>	<b>(2,603)</b>	<b>1,950</b>
<i>Total assets include:</i>							
<b>Interests in associates and joint ventures</b>	<b>63</b>	<b>71</b>	<b>57</b>	<b>12</b>	–	–	<b>203</b>
<b>Non-current assets<sup>1</sup></b>	<b>2,766</b>	<b>2,422</b>	<b>549</b>	<b>7</b>	<b>182</b>	<b>58</b>	<b>5,984</b>
<b>AS AT 30 SEPTEMBER 2014<sup>2,3</sup></b>							
Total assets	3,423	3,210	1,253	6	278	473	8,643
Total liabilities	(1,613)	(1,280)	(611)	(260)	(187)	(2,844)	(6,795)
<b>Net assets/(liabilities)</b>	<b>1,810</b>	<b>1,930</b>	<b>(642)</b>	<b>(254)</b>	<b>91</b>	<b>(2,371)</b>	<b>1,848</b>
<i>Total assets include:</i>							
<b>Interests in associates and joint ventures</b>	<b>50</b>	<b>69</b>	<b>70</b>	–	–	–	<b>189</b>
<b>Non-current assets<sup>1</sup></b>	<b>2,488</b>	<b>2,416</b>	<b>653</b>	–	<b>246</b>	<b>50</b>	<b>5,853</b>

1 Non-current assets located in the UK, the Group's country of domicile, were £1,794 million (2014: £1,786 million). Non-current assets located in the US were £3,213 million (2014: £2,921 million). Non-current assets located in all foreign countries in which the Group holds assets were £4,190 million (2014: £4,067 million).

2 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

3 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

## 1 SEGMENTAL REPORTING CONTINUED

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
<b>ADDITIONS TO OTHER INTANGIBLE ASSETS</b>					
<b>YEAR ENDED 30 SEPTEMBER 2015</b>					
Total additions to other intangible assets	169	35	17	1	222
<b>YEAR ENDED 30 SEPTEMBER 2014</b>					
Total additions to other intangible assets	171	24	11	–	206

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
<b>ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT</b>					
<b>YEAR ENDED 30 SEPTEMBER 2015</b>					
Total additions to property, plant and equipment <sup>1</sup>	108	109	46	10	273
<b>YEAR ENDED 30 SEPTEMBER 2014</b>					
Total additions to property, plant and equipment <sup>1,2</sup>	86	110	51	1	248

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
<b>AMORTISATION OF OTHER INTANGIBLE ASSETS</b>					
<b>YEAR ENDED 30 SEPTEMBER 2015</b>					
Total amortisation of other intangible assets <sup>3</sup>	137	26	10	–	173
<b>YEAR ENDED 30 SEPTEMBER 2014</b>					
Total amortisation of other intangible assets <sup>3</sup>	115	25	13	–	153

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
<b>DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT</b>					
<b>YEAR ENDED 30 SEPTEMBER 2015</b>					
Total depreciation of property, plant and equipment	78	74	41	–	193
<b>YEAR ENDED 30 SEPTEMBER 2014</b>					
Total depreciation of property, plant and equipment <sup>2</sup>	71	75	42	1	189

	Geographical segments				Total £m
	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	
<b>OTHER NON-CASH EXPENSES</b>					
<b>YEAR ENDED 30 SEPTEMBER 2015</b>					
Total other non-cash expenses <sup>4</sup>	4	3	4	4	15
<b>YEAR ENDED 30 SEPTEMBER 2014</b>					
Total other non-cash expenses <sup>4</sup>	3	4	4	2	13

1 Includes leased assets of £2 million (2014: £2 million) and creditor for capital creditors of £nil (2014: £1 million).

2 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11.

3 Including the amortisation of intangibles arising on acquisition.

4 Other non-cash expenses are mainly comprised of share-based payments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

## 2 OPERATING COSTS

	Total 2015 £m	Total 2014 Restated <sup>1</sup> £m
<b>OPERATING COSTS<sup>2</sup></b>		
<i>Cost of food and materials:</i>		
Cost of inventories consumed	5,219	5,027
<i>Labour costs:</i>		
Employee remuneration (note 3)	7,959	7,720
<i>Overheads:</i>		
Depreciation – owned property, plant and equipment	190	185
Depreciation – leased property, plant and equipment	3	4
Amortisation – owned intangible assets	147	128
Property lease rentals	74	79
Other occupancy rentals – minimum guaranteed rent	64	62
Other occupancy rentals – rent in excess of minimum guaranteed rent	11	13
Other asset rentals	72	76
Audit and non-audit services (see below)	5	6
Emerging Markets and Offshore & Remote restructuring	26	–
Other expenses	2,565	2,342
Operating costs before costs relating to acquisitions	16,335	15,642
Amortisation – intangible assets arising on acquisition	26	25
Acquisition transaction costs	2	3
Adjustment to contingent consideration on acquisition	5	–
<b>Total continuing operations</b>	<b>16,368</b>	<b>15,670</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 Operating costs exclude costs relating to Emerging Markets and Offshore & Remote restructuring, which comprise £17 million employee remuneration, £2 million depreciation of owned property, plant and equipment, £1 million property lease rentals and £6 million other expenses (2014: £nil).

	2015 £m	2014 £m
<b>AUDIT AND NON-AUDIT SERVICES</b>		
<b>AUDIT SERVICES</b>		
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 its associates for other services to the Group:		
The audit of the Company's subsidiaries and joint arrangements pursuant to legislation	4.0	3.7
<b>Total audit fees</b>	<b>4.5</b>	<b>4.2</b>
<b>NON-AUDIT SERVICES</b>		
Audit related assurance	0.2	0.3
Taxation compliance	0.1	0.3
Other tax advisory	0.3	0.2
Corporate finance services	–	0.1
Services relating to information technology	–	0.8
Other services	0.1	0.2
<b>Total non-audit fees</b>	<b>0.7</b>	<b>1.9</b>
<b>TOTAL AUDIT AND NON-AUDIT SERVICES</b>		
<b>Total audit and non-audit services</b>	<b>5.2</b>	<b>6.1</b>

### 3 EMPLOYEES

	2015 Number	2014 Restated <sup>1</sup> Number
<b>AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES</b>		
North America	226,618	214,511
Europe & Japan	150,816	150,847
Fast Growing & Emerging	138,430	138,179
Total continuing operations	515,864	503,537

	2015 <sup>2</sup> £m	2014 Restated <sup>1,3</sup> £m
<b>AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS</b>		
Wages and salaries	6,708	6,444
Social security costs	1,136	1,164
Share-based payments	15	15
Pension costs – defined contribution plans	84	85
Pension costs – defined benefit plans	16	12
Total continuing operations	7,959	7,720

1 2014 has been restated to reflect the average number of employees on a consistent basis with current year.

2 Aggregate remuneration of all employees including directors excludes Emerging Markets and Offshore & Remote restructuring costs of £17 million.

3 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11.

In addition to the pension cost shown in operating costs above, there is a pensions-related net charge within finance costs of £5 million (2014: £7 million).

The remuneration of directors and key management personnel<sup>1</sup> 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 77 and forms part of these accounts.

	2015 £m	2014 £m
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
Salaries	6.1	5.5
Other short term employee remuneration	6.6	6.4
Share-based payments	4.9	4.9
Pension salary supplement	1.8	1.5
Total	19.4	18.3

1 Key management personnel is defined as the Board of Directors and five additional individuals making up the Executive Board. In 2014, 16 individuals were included in the table which comprised the Board of Directors and five additional individuals who were part of the Executive Board.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 4 FINANCING 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.

	2015 £m	2014 £m
<b>FINANCE INCOME AND COSTS</b>		
<b>FINANCE INCOME</b>		
Bank interest	3	5
Total finance income	3	5
<b>FINANCE COST</b>		
Interest on bank loans and overdrafts	13	11
Interest on other loans	82	69
Finance lease interest	1	1
Interest on bank loans, overdrafts, other loans and finance leases	96	81
Unwinding of discount on provisions	6	3
Interest on net post-employment benefit obligations (note 22)	5	7
Total finance costs	107	91
<b>ANALYSIS OF FINANCE COSTS BY DEFINED IAS 39<sup>1</sup> CATEGORY</b>		
Fair value through profit or loss (unhedged derivatives)	5	4
Derivatives in a fair value hedge relationship	(23)	(28)
Derivatives in a net investment hedge relationship	5	3
Other financial liabilities	109	102
Interest on bank loans, overdrafts, other loans and finance leases	96	81
Fair value through profit or loss (unwinding of discount on provisions)	6	3
Outside of the scope of IAS 39 (net pension scheme charge)	5	7
Total finance costs	107	91

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.

	2015 £m	2014 £m
<b>FINANCING RELATED (GAINS)/LOSSES</b>		
<b>HEDGE ACCOUNTING INEFFECTIVENESS</b>		
Unrealised net losses on unhedged derivative financial instruments <sup>1</sup>	3	–
Unrealised net gains on derivative financial instruments in a designated fair value hedge <sup>2</sup>	(32)	(23)
Unrealised net losses on the hedged item in a designated fair value hedge	26	23
Total hedge accounting ineffectiveness	(3)	–
<b>CHANGE IN THE FAIR VALUE OF INVESTMENTS</b>		
Gain from the changes in the fair value of investments <sup>1,3</sup>	–	(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 22.

## 5 TAX

### RECOGNISED IN THE INCOME STATEMENT:

#### INCOME TAX EXPENSE ON CONTINUING OPERATIONS

	2015 £m	2014 Restated <sup>1</sup> £m
<b>CURRENT TAX</b>		
Current year	284	269
Adjustment in respect of prior years	(24)	1
Current tax expense	260	270
<b>DEFERRED TAX</b>		
Current year	12	9
Impact of changes in statutory tax rates	1	1
Adjustment in respect of prior years	9	(4)
Deferred tax expense	22	6
<b>TOTAL INCOME TAX</b>		
Income tax expense on continuing operations	282	276

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 20.5% (2014: 22.0%). The impact of changes in statutory rates in the prior year related principally to the reduction in the UK corporation tax rate from 21% to 20% from 1 April 2015. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions in the UK corporation tax rate to 18% by 2020. We expect the new rates to reduce the current tax charge in future years, however, as they were not substantively enacted at the balance sheet date, they have not been brought into account in calculating the deferred tax asset at 30 September 2015. Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

	2015 £m	2014 Restated <sup>1</sup> £m
Profit before tax from continuing operations	1,159	1,144
Notional income tax expense at the effective UK statutory rate of 20.5% (2014: 22.0%) on profit before tax	238	252
Effect of different tax rates of subsidiaries operating in other jurisdictions	136	116
Impact of changes in statutory tax rates	1	1
Permanent differences	(74)	(83)
Impact of share-based payments	1	1
Tax on profit of associates and equity accounted joint ventures	(3)	(4)
Losses and other temporary differences not previously recognised	(6)	(7)
Unrelieved current year tax losses	4	3
Prior year items	(15)	(3)
Income tax expense on continuing operations	282	276
<b>TAX (CHARGED)/CREDITED TO OTHER COMPREHENSIVE INCOME</b>		
Current and deferred tax (charges)/credits on actuarial and other movements on post-employment benefits	(19)	6
Current and deferred tax (charges) on foreign exchange movements	(1)	(3)
Tax (charge)/credit on items recognised in other comprehensive income	(20)	3
<b>TAX CREDITED TO EQUITY</b>		
Current and deferred tax credits in respect of share-based payments	2	6
Tax credit on items recognised in equity	2	6

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 5 TAX CONTINUED

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 Restated <sup>1</sup> £m
At 1 October 2013	9	(183)	136	21	64	180	227
Credit/(charge) to income	4	(7)	7	1	3	(14)	(6)
Credit/(charge) to equity/other comprehensive income	–	–	(6)	–	–	1	(5)
Business acquisitions	–	(6)	–	–	–	1	(5)
Other movements	–	–	–	1	–	(1)	–
Exchange adjustment	–	5	(1)	(2)	–	(6)	(4)
At 30 September 2014 <sup>1</sup>	13	(191)	136	21	67	161	207
At 1 October 2014	<b>13</b>	<b>(191)</b>	<b>136</b>	<b>21</b>	<b>67</b>	<b>161</b>	<b>207</b>
Credit/(charge) to income	(4)	(13)	3	1	(1)	(8)	(22)
Credit/(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	<b>7</b>	<b>(208)</b>	<b>118</b>	<b>21</b>	<b>71</b>	<b>145</b>	<b>154</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

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	2015 £m	2014 £m
Deferred tax assets	182	246
Deferred tax liabilities	(28)	(39)
Net deferred tax asset	154	207

Unrecognised deferred tax assets in respect of tax losses and other temporary differences amount to £39 million (2014: £42 million). Of the total, £25 million relates to tax losses which will expire at various dates between 2015 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 £370 million (2014: £448 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 DISCONTINUED OPERATIONS

The profit for the year from discontinued operations was £nil (2014: £3 million).

	2015 £m	2014 £m
<b>FINANCIAL PERFORMANCE OF DISCONTINUED OPERATIONS</b>		
<b>TRADING ACTIVITIES OF DISCONTINUED OPERATIONS</b>		
Operating costs	–	–
Loss before tax	–	–
Income tax credit	–	3
Profit after tax	–	3
<b>PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>		
Profit for the year from discontinued operations	–	3
<b>INCOME TAX FROM DISCONTINUED OPERATIONS</b>		
<b>INCOME TAX ON TRADING ACTIVITIES OF DISCONTINUED OPERATIONS AND ON DISPOSAL OF NET ASSETS AND OTHER ADJUSTMENTS RELATING TO DISCONTINUED OPERATIONS</b>		
Current tax	–	3
Deferred tax	–	–
Income tax credit on discontinued operations	–	3
<b>NET ASSETS DISPOSED AND DISPOSAL PROCEEDS</b>		
Decrease in retained liabilities <sup>1</sup>	–	(1)
Consideration (net of costs)	–	(1)
Cash outflow from disposals	–	(1)

1 Includes the utilisation of disposal provisions of £1 million in the year ended 30 September 2014.

## 7 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 discontinued operations, the amortisation of intangible assets arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, European exceptional, gains and losses on disposal of businesses, hedge accounting ineffectiveness, change in fair value of investments and the tax attributable to these amounts. These items are excluded in order to show the underlying trading performance of the Group.

	2015 Attributable profit £m	2014 Attributable profit £m
<b>ATTRIBUTABLE PROFIT</b>		
Profit for the year attributable to equity shareholders of the Company	869	865
Less: Profit for the year from discontinued operations	–	(3)
Attributable profit for the year from continuing operations	869	862
Amortisation of intangible assets arising on acquisition (net of tax)	20	18
Acquisition transaction costs (net of tax)	1	2
Adjustment to contingent consideration on acquisition (net of tax)	3	1
European exceptional (net of tax)	–	(7)
Loss/(profit) on disposal of US businesses (net of tax)	1	(1)
Profit on disposal of interest in associate (net of tax)	–	(13)
Gain from hedge accounting ineffectiveness (net of tax)	(2)	–
Profit from change in the fair value of investments (net of tax)	–	(2)
Underlying attributable profit for the year from continuing operations	892	860

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 7 EARNINGS PER SHARE CONTINUED

	2015 Ordinary shares of 10%p each millions	2014 Ordinary shares of 10%p each millions
<b>AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)</b>		
Average number of shares for basic earnings per share	1,662	1,766
Dilutive share options	4	5
Average number of shares for diluted earnings per share	1,666	1,771
	2015 Earnings per share pence	2014 Earnings per share pence
<b>BASIC EARNINGS PER SHARE (PENCE)</b>		
From continuing and discontinued operations	52.3	49.0
From discontinued operations	–	(0.2)
From continuing operations	52.3	48.8
Amortisation of intangible assets arising on acquisition (net of tax)	1.2	1.0
Acquisition transaction costs (net of tax)	0.1	0.1
Adjustment to contingent consideration on acquisition (net of tax)	0.2	0.1
European exceptional (net of tax)	–	(0.4)
Loss/(profit) on disposal of US businesses (net of tax)	0.1	(0.1)
Profit on disposal of interest in associate (net of tax)	–	(0.7)
Hedge accounting ineffectiveness (net of tax)	(0.2)	–
Profit from change in the fair value of investments (net of tax)	–	(0.1)
From underlying continuing operations	53.7	48.7
<b>DILUTED EARNINGS PER SHARE (PENCE)</b>		
From continuing and discontinued operations	52.2	48.9
From discontinued operations	–	(0.2)
From continuing operations	52.2	48.7
Amortisation of intangible assets arising on acquisition (net of tax)	1.2	1.0
Acquisition transaction costs (net of tax)	0.1	0.1
Adjustment to contingent consideration on acquisition (net of tax)	0.2	0.1
European exceptional (net of tax)	–	(0.4)
Loss/(profit) on disposal of US businesses (net of tax)	0.1	(0.1)
Profit on disposal of interest in associate (net of tax)	–	(0.7)
Hedge accounting ineffectiveness (net of tax)	(0.2)	–
Profit from change in the fair value of investments (net of tax)	–	(0.1)
From underlying continuing operations	53.6	48.6

## 8 DIVIDENDS

A final dividend in respect of 2015 of 19.6 pence per share, £323 million in aggregate<sup>1</sup>, has been proposed, giving a total dividend in respect of 2015 of 29.4 pence per share (2014: 26.5 pence per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 4 February 2016 and has not been included as a liability in these financial statements.

	2015		2014	
	Dividends per share pence	£m	Dividends per share pence	£m
<b>DIVIDENDS ON ORDINARY SHARES</b>				
<i>Amounts recognised as distributions to equity shareholders during the year:</i>				
Final 2013 – 16.0p per share	–	–	16.0p	287
Interim 2014 – 8.8p per share	–	–	8.8p	157
Final 2014 – 17.7p per share	<b>17.7p</b>	<b>295</b>	–	–
Interim 2015 – 9.8p per share	<b>9.8p</b>	<b>162</b>	–	–
Total dividends	<b>27.5p</b>	<b>457</b>	24.8p	444

1 Based on the number of ordinary shares, excluding treasury shares, in issue at 30 September 2015 (1,648 million shares).

In addition, a Return of Cash of £1 billion was paid to shareholders in 2014 and is described in more detail in note 23.

## 9 GOODWILL

During the year the Group made a number of acquisitions. See note 25 for more details.

	£m
<b>GOODWILL</b>	
<b>COST</b>	
At 1 October 2013	4,071
Additions	39
Disposals	(13)
Currency adjustment	(87)
At 30 September 2014 <sup>1</sup>	4,010
At 1 October 2014	<b>4,010</b>
Additions	<b>25</b>
Currency adjustment	<b>(13)</b>
At 30 September 2015	<b>4,022</b>
<b>IMPAIRMENT</b>	
At 1 October 2013	488
Disposals	(6)
At 30 September 2014 <sup>1</sup>	482
At 1 October 2014	<b>482</b>
Currency adjustment	<b>2</b>
At 30 September 2015	<b>484</b>
<b>NET BOOK VALUE</b>	
At 30 September 2014 <sup>1</sup>	3,528
At 30 September 2015	<b>3,538</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 9 GOODWILL CONTINUED

GOODWILL BY BUSINESS SEGMENT	2015 £m	2014 Restated <sup>1</sup> £m
USA	1,316	1,211
Canada	125	138
Total North America	1,441	1,349
UK	1,433	1,433
Japan	124	127
Rest of Europe & Japan	282	296
Total Europe & Japan	1,839	1,856
Turkey	70	87
Rest of Fast Growing & Emerging	188	236
Total Fast Growing & Emerging	258	323
Total	3,538	3,528

1 2014 has been restated for the change in accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

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

GROWTH AND DISCOUNT RATES	2015		2014	
	Residual growth rates	Pre-tax discount rates	Residual growth rates	Pre-tax discount rates
USA	2.0%	10.0%	2.5%	8.5%
Rest of North America	2.0%	8.2%	2.0%	7.9%
UK	2.0%	8.2%	2.0%	8.0%
Rest of Europe & Japan	1.3-2.6%	7.6-16.0%	1.3-2.8%	7.4-16.5%
Turkey	5.1%	14.0%	4.0%	12.8%
Rest of Fast Growing & Emerging	1.9-5.7%	8.1-15.9%	1.9-7.8%	7.8-17.5%

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. With the exception of Turkey, 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.

The book value of goodwill attributable to Turkey is £70 million with a value in use of £97 million based on management's estimates reflecting the recent downturn in Turkey's economy. Given the limited headroom of £27 million, reasonably possible changes in key assumptions would cause the value in use of the CGU attributable to this country to fall below the carrying value of its net assets. Such changes include: a reduction in the level of cash generation of 16% as a result of, for example, a decrease of 2 percentage points in the revenue growth assumptions; or an increase in the assumed discount rate of 1.5%.

## 10 OTHER INTANGIBLE ASSETS

	Computer software £m	Contract and other intangibles <sup>1</sup>		Total £m
		Arising on acquisition £m	Other £m	
<b>COST</b>				
At 1 October 2013	224	401	842	1,467
Additions	22	–	184	206
Disposals	(5)	–	(59)	(64)
Business acquisitions	–	89	9	98
Business disposals	–	(3)	–	(3)
Reclassified	(2)	3	4	5
Currency adjustment	(7)	(17)	(7)	(31)
At 30 September 2014	232	473	973	1,678
At 1 October 2014	<b>232</b>	<b>473</b>	<b>973</b>	<b>1,678</b>
Additions	<b>31</b>	–	<b>191</b>	<b>222</b>
Disposals	<b>(3)</b>	–	<b>(85)</b>	<b>(88)</b>
Business acquisitions	–	<b>62</b>	–	<b>62</b>
Business disposals	–	<b>(1)</b>	–	<b>(1)</b>
Reclassified	–	<b>(1)</b>	<b>2</b>	<b>1</b>
Currency adjustment	<b>(6)</b>	<b>(12)</b>	<b>47</b>	<b>29</b>
At 30 September 2015	<b>254</b>	<b>521</b>	<b>1,128</b>	<b>1,903</b>
<b>AMORTISATION</b>				
At 1 October 2013	155	62	364	581
Charge for the year	21	25	107	153
Disposals	(4)	–	(54)	(58)
Business disposals	–	–	2	2
Reclassified	–	–	3	3
Currency adjustment	(5)	(3)	(5)	(13)
At 30 September 2014	167	84	417	668
At 1 October 2014	<b>167</b>	<b>84</b>	<b>417</b>	<b>668</b>
Charge for the year	<b>21</b>	<b>26</b>	<b>126</b>	<b>173</b>
Disposals	<b>(2)</b>	–	<b>(75)</b>	<b>(77)</b>
Reclassified	–	<b>(1)</b>	–	<b>(1)</b>
Currency adjustment	<b>(2)</b>	<b>(6)</b>	<b>18</b>	<b>10</b>
At 30 September 2015	<b>184</b>	<b>103</b>	<b>486</b>	<b>773</b>
<b>NET BOOK VALUE</b>				
At 30 September 2014	65	389	556	1,010
At 30 September 2015	<b>70</b>	<b>418</b>	<b>642</b>	<b>1,130</b>

<sup>1</sup> 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
<b>COST</b>				
At 1 October 2013	358	1,015	531	1,904
Additions <sup>1</sup>	29	140	79	248
Disposals	(17)	(79)	(37)	(133)
Business disposals – other activities	–	(12)	(1)	(13)
Business acquisitions	2	5	1	8
Reclassified	–	8	(3)	5
Currency adjustment	(16)	(39)	(26)	(81)
At 30 September 2014 <sup>2</sup>	356	1,038	544	1,938
At 1 October 2014	<b>356</b>	<b>1,038</b>	<b>544</b>	<b>1,938</b>
Additions <sup>1</sup>	<b>13</b>	<b>171</b>	<b>89</b>	<b>273</b>
Disposals	<b>(21)</b>	<b>(104)</b>	<b>(40)</b>	<b>(165)</b>
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	<b>339</b>	<b>1,100</b>	<b>565</b>	<b>2,004</b>
<b>DEPRECIATION</b>				
At 1 October 2013	174	666	356	1,196
Charge for the year	25	112	52	189
Disposals	(16)	(69)	(32)	(117)
Business disposals – other activities	–	(9)	–	(9)
Reclassified	(1)	8	(2)	5
Currency adjustment	(7)	(26)	(17)	(50)
At 30 September 2014 <sup>2</sup>	175	682	357	1,214
At 1 October 2014	<b>175</b>	<b>682</b>	<b>357</b>	<b>1,214</b>
Charge for the year	<b>21</b>	<b>118</b>	<b>54</b>	<b>193</b>
Disposals	<b>(18)</b>	<b>(92)</b>	<b>(35)</b>	<b>(145)</b>
Business disposals – other activities	–	(1)	–	(1)
Reclassified	–	4	–	4
Currency adjustment	(1)	(7)	(17)	(25)
At 30 September 2015	<b>177</b>	<b>704</b>	<b>359</b>	<b>1,240</b>
<b>NET BOOK VALUE</b>				
At 30 September 2014 <sup>2</sup>	181	356	187	724
At 30 September 2015	<b>162</b>	<b>396</b>	<b>206</b>	<b>764</b>

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

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
<b>PROPERTY, PLANT AND EQUIPMENT HELD UNDER FINANCE LEASES</b>				
At 30 September 2014	7	6	1	14
At 30 September 2015	<b>6</b>	<b>6</b>	<b>1</b>	<b>13</b>

1 Includes leased assets at a net book value of £2 million (2014: £2 million).

2 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

## 12 EQUITY ACCOUNTED INVESTMENTS

Significant interests in associates are:

	Country of incorporation	2015 ownership <sup>1</sup>	2014 ownership <sup>1</sup>
Twickenham Experience Limited <sup>2</sup>	England & Wales	16%	16%
Oval Events Limited <sup>3</sup>	England & Wales	25%	25%
AEG Facilities, LLC <sup>4</sup>	USA	49%	49%
Thompson Hospitality Services, LLC <sup>4</sup>	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 and are rolled forward to 30 September. 2014 has been restated to correctly reflect ownership %.

3 Financial statements applied using the equity method relate to the year ended 31 January and are rolled forward to 30 September.

4 Financial statements applied using the equity method relate to the year ended 31 December of the prior year and are rolled forward to 30 September.

Significant interests in joint ventures are:

	Country of incorporation	2015 ownership <sup>1</sup>	2014 ownership <sup>1</sup>
Quadrant Catering Ltd <sup>2</sup>	England & Wales	49%	49%
ADNH-Compass Middle East LLC	United Arab Emirates	50%	50%
Express Support Services Limitada <sup>2,3</sup>	Angola	49%	49%

1 % ownership is of the ordinary share capital.

2 49% ownership entitles Compass Group to 50% of voting rights.

3 2014 has been restated to correctly reflect % ownership.

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. 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	2015 £m	2014 Restated <sup>1</sup> £m
<b>NET BOOK VALUE</b>		
Interests in associates	122	114
Interests in joint ventures	81	75
At 30 September	203	189
At 1 October	189	155
Additions	2	48
Disposals	–	(19)
Share of profits less losses (net of tax)	39	30
Dividends declared	(33)	(24)
Currency and other adjustments	6	(1)
At 30 September	203	189

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

ASSOCIATES AND JOINT VENTURES	2015 £m	2014 Restated <sup>1</sup> £m
<b>SHARE OF REVENUE AND PROFITS</b>		
Revenue	310	250
Expenses/taxation <sup>2</sup>	(271)	(220)
Profit after tax for the year	39	30
<b>SHARE OF NET ASSETS</b>		
Non-current assets	165	166
Current assets	157	190
Non-current liabilities	(13)	(18)
Current liabilities	(106)	(149)
Net assets	203	189
<b>SHARE OF CONTINGENT LIABILITIES</b>		
Contingent liabilities	(22)	(23)

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 13 OTHER INVESTMENTS

	2015 £m	2014 £m
<b>NET BOOK VALUE</b>		
At 1 October	36	41
Additions	1	2
Disposals	(1)	(10)
Currency and other adjustments	2	3
At 30 September	38	36
<b>COMPRISED OF</b>		
Other investments <sup>1,2</sup>	9	9
Life insurance policies and mutual fund investments <sup>1,2,3</sup>	29	27
Total	38	36

1 Categorised as 'available for sale' financial assets (IAS 39).

2 As per the fair value hierarchies explained in note 19, 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 22.

#### 14 TRADE AND OTHER RECEIVABLES

	2015			2014 Restated <sup>1</sup>		
	Current £m	Non- current £m	Total £m	Current £m	Non- current £m	Total £m
<b>TRADE AND OTHER RECEIVABLES</b>						
<b>NET BOOK VALUE</b>						
At 1 October	2,069	70	2,139	2,013	86	2,099
Net movement	142	2	144	153	(12)	141
Currency adjustment	(96)	(1)	(97)	(97)	(4)	(101)
At 30 September	2,115	71	2,186	2,069	70	2,139
<b>COMPRISED OF</b>						
Trade receivables	1,627	–	1,627	1,762	–	1,762
Less: Provision for impairment of trade receivables	(57)	–	(57)	(75)	–	(75)
Net trade receivables <sup>2</sup>	1,570	–	1,570	1,687	–	1,687
Other receivables	254	80	334	82	78	160
Less: Provision for impairment of other receivables	(9)	(15)	(24)	(11)	(16)	(27)
Net other receivables	245	65	310	71	62	133
Accrued income	177	–	177	189	–	189
Prepayments	117	6	123	122	8	130
Amounts owed by associates, joint ventures and related parties	6	–	6	–	–	–
Trade and other receivables	2,115	71	2,186	2,069	70	2,139

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 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 for the continuing business at 30 September 2015 were 41 days (2014: 41 days).

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

	2015					Total £m
	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	
<b>TRADE RECEIVABLES</b>						
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



## 14 TRADE AND OTHER RECEIVABLES CONTINUED

	2014 Restated <sup>1</sup>					Total £m
	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	
<b>TRADE RECEIVABLES</b>						
Gross trade receivables	1,415	266	33	15	33	1,762
Less: Provision for impairment of trade receivables	(4)	(15)	(18)	(10)	(28)	(75)
Net trade receivables	1,411	251	15	5	5	1,687

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

PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2015			2014		
	Trade £m	Other £m	Total £m	Trade £m	Other £m	Total £m
At 1 October	75	27	102	101	11	112
Charged to income statement	18	6	24	20	1	21
Credited to income statement	(13)	–	(13)	(27)	(5)	(32)
Utilised	(21)	(2)	(23)	(14)	–	(14)
Reclassified	–	–	–	(2)	21	19
Currency adjustment	(2)	(7)	(9)	(3)	(1)	(4)
At 30 September	57	24	81	75	27	102

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

At 30 September 2015, trade receivables of £278 million (2014: £276 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.

## 15 IFRS 11 RESTATEMENT

Comparative financial information for the year ended 30 September 2014 has been restated for the effects of IFRS 11. The following principal joint arrangements, previously accounted for as jointly controlled entities under IAS 31 are now classified as joint ventures and are equity accounted under the requirements of the revised IAS 28:

- Quadrant Catering Limited
- ADNH-Compass Middle East LLC
- Express Support Services Limitada

The impact of the restatements on the Group's consolidated income statement, statement of comprehensive income, balance sheet and cash flow statement is as shown below:

CONSOLIDATED INCOME STATEMENT	For the year ended 30 September 2014		
	As published £m	IFRS 11 £m	Restated £m
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	17,058	(204)	16,854
Operating costs before goodwill impairment	(15,850)	180	(15,670)
<b>Operating profit</b>	1,208	(24)	1,184
Share of profit of joint ventures	–	21	21
Share of profit of associates	9	–	9
<b>Total operating profit</b>	1,217	(3)	1,214
Profit on disposal of US businesses	1	–	1
Profit on disposal of interest in associates	13	–	13
Finance income	5	–	5
Finance costs	(91)	–	(91)
Change in the fair value of investments	2	–	2
<b>Profit before tax</b>	1,147	(3)	1,144
Income tax expense	(279)	3	(276)
<b>Profit for the year from continuing operations</b>	868	–	868
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit for the year from discontinued operations</b>	3	–	3
<b>CONTINUING AND DISCONTINUED OPERATIONS</b>			
<b>Profit for the year</b>	871	–	871

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 15 IFRS 11 RESTATEMENT CONTINUED

	As at 30 September 2014		
	As published <sup>1</sup> £m	IFRS 11 £m	Restated £m
<b>CONSOLIDATED BALANCE SHEET</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	3,565	(37)	3,528
Other intangible assets	1,010	–	1,010
Property, plant and equipment	729	(5)	724
Interests in joint ventures and associates	114	75	189
Other investments	36	–	36
Trade and other receivables	67	3	70
Deferred tax assets*	246	–	246
Derivative financial instruments**	50	–	50
<b>Non-current assets</b>	<b>5,817</b>	<b>36</b>	<b>5,853</b>
<b>CURRENT ASSETS</b>			
Inventories	270	(5)	265
Trade and other receivables	2,128	(59)	2,069
Tax recoverable*	32	–	32
Cash and cash equivalents**	431	(23)	408
Derivative financial instruments**	16	–	16
<b>Current assets</b>	<b>2,877</b>	<b>(87)</b>	<b>2,790</b>
<b>Total assets</b>	<b>8,694</b>	<b>(51)</b>	<b>8,643</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings <sup>1**</sup>	(315)	–	(315)
Derivative financial instruments**	(4)	–	(4)
Provisions	(161)	–	(161)
Current tax liabilities*	(148)	–	(148)
Trade and other payables <sup>1</sup>	(3,121)	44	(3,077)
<b>Current liabilities</b>	<b>(3,749)</b>	<b>44</b>	<b>(3,705)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings**	(2,526)	1	(2,525)
Derivative financial instruments**	(1)	–	(1)
Post-employment benefit obligations	(176)	6	(170)
Provisions	(277)	–	(277)
Deferred tax liabilities*	(39)	–	(39)
Trade and other payables	(78)	–	(78)
<b>Non-current liabilities</b>	<b>(3,097)</b>	<b>7</b>	<b>(3,090)</b>
<b>Total liabilities</b>	<b>(6,846)</b>	<b>51</b>	<b>(6,795)</b>
<b>Net assets</b>	<b>1,848</b>	<b>–</b>	<b>1,848</b>
<b>EQUITY</b>			
Share capital	178	–	178
Share premium account	174	–	174
Capital redemption reserve	293	–	293
Less: Own shares	(1)	–	(1)
Other reserves	4,277	–	4,277
Retained earnings	(3,082)	–	(3,082)
<b>Total equity shareholders' funds</b>	<b>1,839</b>	<b>–</b>	<b>1,839</b>
<b>Non-controlling interests</b>	<b>9</b>	<b>–</b>	<b>9</b>
<b>Total equity</b>	<b>1,848</b>	<b>–</b>	<b>1,848</b>

1 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

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

## 15 IFRS 11 RESTATEMENT CONTINUED

	For the year ended 30 September 2014		
	As published £m	IFRS 11 £m	Restated £m
<b>CONSOLIDATED CASH FLOW STATEMENT</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	1,442	(25)	1,417
Interest paid	(77)	–	(77)
Tax received	24	–	24
Tax paid	(268)	2	(266)
<b>Net cash from operating activities</b>	<b>1,121</b>	<b>(23)</b>	<b>1,098</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of subsidiary companies and investments in associates <sup>1</sup>	(176)	–	(176)
Proceeds from sale of subsidiary companies and associates – discontinued activities <sup>1</sup>	(1)	–	(1)
Proceeds from sale of subsidiary companies and associates – continuing activities <sup>1</sup>	66	–	66
Tax on profits from sale of subsidiary companies and associates	(4)	–	(4)
Purchase of intangible assets	(206)	–	(206)
Purchase of property, plant and equipment <sup>2</sup>	(263)	2	(261)
Proceeds from sale of property, plant and equipment/intangible assets	22	–	22
Purchase of other investments	(2)	–	(2)
Proceeds from sale of other investments	3	–	3
Dividends received from associates	7	–	7
Dividends received from joint ventures	–	15	15
Interest received	6	–	6
<b>Net cash used in investing activities</b>	<b>(548)</b>	<b>17</b>	<b>(531)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary share capital	5	–	5
Purchase of own shares <sup>3</sup>	(280)	–	(280)
Net increase in borrowings	597	–	597
Repayment of obligations under finance leases	(5)	–	(5)
Return of Cash to Compass shareholders	(1,000)	–	(1,000)
Equity dividends paid	(444)	–	(444)
Dividends paid to non-controlling interests	(5)	2	(3)
<b>Net cash used in financing activities</b>	<b>(1,132)</b>	<b>2</b>	<b>(1,130)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>Net decrease in cash and cash equivalents</b>	<b>(559)</b>	<b>(4)</b>	<b>(563)</b>
Cash and cash equivalents at beginning of the year	1,006	(19)	987
Currency translation losses on cash and cash equivalents	(16)	–	(16)
<b>Cash and cash equivalents at end of the period</b>	<b>431</b>	<b>(23)</b>	<b>408</b>

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 16 INVENTORIES

	2015 £m	2014 Restated <sup>1</sup> £m
<b>INVENTORIES</b>		
<b>NET BOOK VALUE</b>		
At 1 October	265	250
Business acquisitions	3	–
Net movement	17	25
Currency adjustment	(3)	(10)
At 30 September	282	265

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

### 17 CASH AND CASH EQUIVALENTS

	2015 £m	2014 Restated <sup>1</sup> £m
<b>CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	224	252
Short term bank deposits	59	156
Cash and cash equivalents <sup>2</sup>	283	408

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 Categorised as 'loans and receivables' financial assets (IAS 39).

	2015 £m	2014 Restated <sup>1</sup> £m
<b>CASH AND CASH EQUIVALENTS BY CURRENCY</b>		
Sterling	72	132
US Dollar	33	76
Euro	44	39
Japanese Yen	14	12
Other	120	149
Cash and cash equivalents	283	408

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 19. 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:

	2015		
	Gross £m	Offset £m	Net £m
Cash and cash equivalents	328	(45)	283
Bank overdrafts	(104)	45	(59)
	2014 Restated <sup>1</sup>		
	Gross £m	Offset £m	Net £m
Cash and cash equivalents	579	(171)	408
Bank overdrafts	(208)	171	(37)

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

## 18 SHORT TERM AND LONG TERM BORROWINGS

SHORT TERM AND LONG TERM BORROWINGS	2015			2014 Restated <sup>1,2</sup>		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Bank overdrafts	59	–	59	37	–	37
Bank loans	78	251	329	22	301	323
Loan notes	107	1,330	1,437	–	1,076	1,076
Bonds	–	1,093	1,093	251	1,136	1,387
Borrowings (excluding finance leases)	244	2,674	2,918	310	2,513	2,823
Finance leases	3	10	13	5	12	17
Borrowings (including finance leases) <sup>3</sup>	247	2,684	2,931	315	2,525	2,840

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

3 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. The \$100 million 2024 and \$300 million 2026 US dollar private placements were issued during the year.

LOAN NOTES	Nominal value	Redeemable	Interest	2015 Carrying value £m	2014 Carrying value £m
US\$ private placement	\$162m	Oct 2015	6.72%	107	102
Sterling private placement	£35m	Oct 2016	7.55%	36	36
US\$ private placement	\$250m	Oct 2018	3.31%	170	157
US\$ private placement	\$200m	Sep 2020	3.09%	132	123
US\$ private placement	\$398m	Oct 2021	3.98%	262	245
US\$ private placement	\$352m	Oct 2023	4.12%	250	223
US\$ private placement	\$100m	Dec 2024	3.54%	66	–
US\$ private placement	\$300m	Sep 2025	3.81%	216	190
US\$ private placement	\$300m	Dec 2026	3.64%	198	–
				1,437	1,076

BONDS	Nominal value	Redeemable	Interest	2015 Carrying value £m	2014 Carrying value £m
Sterling Eurobond	£250m	Dec 2014	7.00%	–	251
Euro Eurobond	€600m	Feb 2019	3.13%	458	485
Euro Eurobond	€500m	Jan 2023	1.88%	386	402
Sterling Eurobond	£250m	Jun 2026	3.85%	249	249
				1,093	1,387

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

MATURITY PROFILE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2015 £m	2014 Restated <sup>1</sup> £m
Within 1 year, or on demand	244	310
Between 1 and 2 years	287	153
Between 2 and 3 years	–	286
Between 3 and 4 years	628	–
Between 4 and 5 years	132	642
In more than 5 years	1,627	1,432
Borrowings (excluding finance leases)	2,918	2,823

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 18 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:

	2015		2014 Restated <sup>1</sup>	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
<b>CARRYING VALUE AND FAIR VALUE OF BORROWINGS (EXCLUDING FINANCE LEASES)</b>				
Bank overdrafts	59	59	37	37
Bank loans	329	329	323	323
Loan notes	1,437	1,456	1,076	1,095
£250m Eurobond Dec 2014	–	–	251	253
€600m Eurobond Feb 2019	458	478	485	517
€500m Eurobond Jan 2023	386	379	402	403
£250m Eurobond Jun 2026	249	269	249	259
Bonds	1,093	1,126	1,387	1,432
Borrowings (excluding finance leases)	2,918	2,970	2,823	2,887

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

	2015		2014	
	Gross £m	Present value £m	Gross £m	Present value £m
<b>GROSS AND PRESENT VALUE OF FINANCE LEASE LIABILITIES</b>				
<i>Finance lease payments falling due:</i>				
Within 1 year	4	3	5	5
In 2 to 5 years	7	7	9	8
In more than 5 years	3	3	5	4
	14	13	19	17
Less: Future finance charges	(1)	–	(2)	–
Gross and present value of finance lease liabilities	13	13	17	17

	2015			2014 Restated <sup>1</sup>		
	Borrowings £m	Finance leases £m	Total £m	Borrowings £m	Finance leases £m	Total £m
<b>BORROWINGS BY CURRENCY</b>						
Sterling	584	–	584	835	–	835
US Dollar	1,441	–	1,441	1,040	1	1,041
Euro	853	11	864	904	13	917
Other	40	2	42	44	3	47
Total	2,918	13	2,931	2,823	17	2,840

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

The Group had the following undrawn committed facilities available at 30 September, in respect of which all conditions precedent had then been met:

	2015 £m	2014 £m
<b>UNDRAWN COMMITTED FACILITIES</b>		
Expiring between 1 and 5 years	1,000	1,000

## 19 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 17; debt, which includes the borrowings disclosed in note 18; 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 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.

	2015			2014		
	Against US Dollar £m	Against Euro £m	Against Japanese Yen £m	Against US Dollar £m	Against Euro £m	Against Japanese Yen £m
<b>FINANCIAL INSTRUMENTS:</b>						
<b>IMPACT OF STERLING STRENGTHENING BY 10%</b>						
Increase/(decrease) in profit for the year (after tax)	–	4	–	(2)	3	–
Increase in total equity	164	20	11	150	21	12

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 19 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 £6 million (2014: loss of £4 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.

	2015					
	Sterling £m	US Dollar £m	Euro £m	Japanese Yen £m	Other £m	Total £m
<b>INTEREST RATE SENSITIVITY ANALYSIS</b>						
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)

	2014					
	Sterling £m	US Dollar £m	Euro £m	Japanese Yen £m	Other £m	Total £m
<b>INTEREST RATE SENSITIVITY ANALYSIS</b>						
Increase in interest rate	+1%	+1%	+1%	+1%	+1%	n/a
Floating rate exposure – cash/(debt)	211	(681)	(66)	(26)	(78)	(640)
Increase/(decrease) in profit for the year (after tax)	2	(5)	–	–	(1)	(4)

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 14.

##### 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.



## 19 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 £2,613 million (2014: £2,519 million). A foreign exchange loss of £18 million (2014: £41 million gain) 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 cash flows discounted at rates derived from market sourced data. There were no transfers between levels in either the year ended 30 September 2015 or 2014. The fair values of derivative financial instruments represent the maximum credit exposure.

DERIVATIVE FINANCIAL INSTRUMENTS	2015				2014			
	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m
<i>Interest rate swaps:</i>								
Fair value hedges <sup>1</sup>	2	58	–	–	11	34	–	–
Not in a hedging relationship <sup>2</sup>	–	–	(2)	(2)	–	–	(1)	–
<i>Other derivatives:</i>								
Forward currency contracts and cross currency swaps	17	–	(5)	(23)	4	16	(3)	(1)
Others	–	–	–	–	1	–	–	–
Total	19	58	(7)	(25)	16	50	(4)	(1)

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).

NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY	2015		2014	
	Fair value swaps £m	Cash flow swaps £m	Fair value swaps £m	Cash flow swaps £m
Sterling	20	–	220	–
US Dollar	658	390	615	472
Euro	700	22	741	27
Japanese Yen	–	73	–	75
Other	–	236	–	248
Total	1,378	721	1,576	822

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 30 SEPTEMBER 2015

**19 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED**

	2015			2014 Restated <sup>1,2</sup>		
	Gross borrowings £m	Forward currency contracts <sup>3</sup> £m	Effective currency of borrowings £m	Gross borrowings £m	Forward currency contracts <sup>3</sup> £m	Effective currency of borrowings £m
<b>EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AFTER THE EFFECT OF DERIVATIVES</b>						
Sterling	584	(293)	291	835	(600)	235
US Dollar	1,441	406	1,847	1,041	623	1,664
Euro	864	(578)	286	917	(624)	293
Japanese Yen	–	125	125	–	128	128
Other	42	389	431	47	482	529
<b>Total</b>	<b>2,931</b>	<b>49</b>	<b>2,980</b>	<b>2,840</b>	<b>9</b>	<b>2,849</b>

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

3 Includes cross currency contracts.

	2015						Total £m
	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	
<b>GROSS DEBT MATURITY ANALYSIS</b>							
<b>FIXED INTEREST</b>							
£250m Eurobond 2026	–	–	–	–	–	249	249
€500m Eurobond 2023	–	–	–	–	–	367	367
€600m 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
<b>FLOATING INTEREST</b>							
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
<b>OTHER</b>							
Finance lease obligations	3	3	1	1	2	3	13
Fair value adjustments to borrowings <sup>1</sup>	–	1	–	26	–	56	83
Other liability	3	4	1	27	2	59	96
Gross debt excluding derivatives	247	290	1	629	134	1,630	2,931
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>							
Derivative financial instruments <sup>2</sup>	(16)	1	–	(1)	–	(33)	(49)
Forward currency contracts <sup>1</sup>	4	–	–	–	–	–	4
<b>Gross debt</b>	<b>235</b>	<b>291</b>	<b>1</b>	<b>628</b>	<b>134</b>	<b>1,597</b>	<b>2,886</b>

1 Non-cash item (changes in the value of this non-cash item are reported via the currency translation (losses)/gains caption in note 27).

2 Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 27).

## 19 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

	2015						Total £m
	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	
<b>PRINCIPAL AND INTEREST MATURITY ANALYSIS</b>							
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
	2014 Restated <sup>1</sup>						
	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
<b>GROSS DEBT MATURITY ANALYSIS</b>							
<b>FIXED INTEREST</b>							
£250m Eurobond 2026	–	–	–	–	–	249	249
€600m Eurobond 2023	–	–	–	–	–	388	388
£250m Eurobond 2019	–	–	–	–	461	–	461
£250m Eurobond 2014	250	–	–	–	–	–	250
US private placements	–	100	35	–	154	769	1,058
Total fixed interest	250	100	35	–	615	1,406	2,406
Cash flow swaps (fixed leg)	278	442	102	–	–	–	822
Fair value swaps (fixed leg)	(200)	(59)	(20)	–	(505)	(792)	(1,576)
Fixed interest liability	328	483	117	–	110	614	1,652
<b>FLOATING INTEREST</b>							
Bank loans	21	52	250	–	–	–	323
Overdrafts	37	–	–	–	–	–	37
Total floating interest	58	52	250	–	–	–	360
Cash flow swaps (floating leg)	(278)	(442)	(102)	–	–	–	(822)
Fair value swaps (floating leg)	200	59	20	–	505	792	1,576
Floating interest (asset)/liability	(20)	(331)	168	–	505	792	1,114
<b>OTHER</b>							
Finance lease obligations	5	3	2	2	1	4	17
Fair value adjustments to borrowings <sup>2</sup>	1	2	1	–	27	26	57
Other liability	6	5	3	2	28	30	74
Gross debt excluding derivatives	314	157	288	2	643	1,436	2,840
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>							
Derivative financial instruments <sup>3</sup>	(11)	(19)	(1)	–	(13)	(16)	(60)
Forward currency contracts <sup>2</sup>	(1)	–	–	–	–	–	(1)
Gross debt	302	138	287	2	630	1,420	2,779

1 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

2 Non-cash item (changes in the value of this non-cash item are reported via the currency translation (losses)/gains caption in note 27).

3 Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 27).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 19 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

	2014 Restated <sup>1</sup>						Total £m
	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	
<b>PRINCIPALS AND INTEREST MATURITY ANALYSIS</b>							
Gross debt	302	138	287	2	630	1,420	2,779
Less: Overdrafts	(37)	–	–	–	–	–	(37)
Less: Fees and premiums capitalised on issue	(1)	(1)	(1)	(1)	(4)	(3)	(11)
Less: Other non-cash items	11	17	–	–	(14)	(10)	4
Repayment of principal	275	154	286	1	612	1,407	2,735
Interest cash flows on debt and derivatives (settled net)	102	83	75	68	74	221	623
Settlement of forward currency contracts and cross currency swaps – payable leg	(923)	–	–	–	(251)	–	(1,174)
Settlement of forward currency contracts and cross currency swaps – receivable leg	919	–	–	–	234	–	1,153
Repayment of principal and interest	373	237	361	69	669	1,628	3,337

1 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

#### 20 TRADE AND OTHER PAYABLES

	2015			2014 Restated <sup>1,2</sup>		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
<b>TRADE AND OTHER PAYABLES</b>						
<b>NET BOOK VALUE</b>						
At 1 October	3,077	78	3,155	3,010	75	3,085
Net movement	149	12	161	204	6	210
Reclassification	1	(2)	(1)	(18)	–	(18)
Currency adjustment	(70)	(4)	(74)	(119)	(3)	(122)
At 30 September	3,157	84	3,241	3,077	78	3,155
<b>COMPRISED OF</b>						
Trade payables	1,400	–	1,400	1,333	–	1,333
Social security and other taxes	273	–	273	279	–	279
Other payables <sup>2</sup>	155	28	183	164	23	187
Deferred consideration on acquisitions <sup>3</sup>	16	28	44	13	21	34
Accruals <sup>4</sup>	1,027	28	1,055	1,025	34	1,059
Deferred income	286	–	286	257	–	257
Amounts owed to associates, joint ventures and related parties <sup>5</sup>	–	–	–	6	–	6
Trade and other payables	3,157	84	3,241	3,077	78	3,155

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

2 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

3 Categorized as 'other financial liabilities' (IAS 39).

4 Of this balance £415 million (2014: £436 million) is categorised as 'other financial liabilities' (IAS 39).

5 Categorized as 'loans and receivables' financial assets (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 for the continuing business at 30 September 2015 were 72 days (2014: 72 days).

## 21 PROVISIONS

PROVISIONS	Insurance £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 2013	228	47	56	91	67	42	531
Reclassified <sup>1</sup>	(3)	–	(12)	(20)	–	14	(21)
Expenditure in the year	(2)	(1)	(19)	(9)	(34)	(24)	(89)
Charged to income statement	9	–	9	8	11	2	39
Credited to income statement	–	–	(7)	(2)	(3)	(2)	(14)
Business acquisitions	–	–	1	–	–	1	2
Business disposals	–	–	–	–	(3)	–	(3)
Unwinding of discount on provisions	–	–	3	–	–	–	3
Currency adjustment	–	–	(2)	(4)	(2)	(2)	(10)
At 30 September 2014	232	46	29	64	36	31	438
At 1 October 2014	232	46	29	64	36	31	438
Reclassified <sup>1</sup>	–	–	(1)	1	(1)	–	(1)
Expenditure in the year	(5)	(1)	(11)	(15)	(20)	(6)	(58)
Charged to income statement	9	–	9	17	7	2	44
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

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

PROVISIONS	2015 £m	2014 £m
Current	136	161
Non-current	251	277
Total provisions	387	438

The provision for insurance relates to the potential settlements in respect of claims under self-funded insurance schemes, primarily workers' compensation schemes in the USA, 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 Group's weighted average cost of capital.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

## 22 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 1% to 39% of pensionable salaries.

The contributions payable for defined contribution schemes of £84 million (2014: £85 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 current employee of the Group. The other four 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 2013. At the valuation date the total market value of the assets of the Plan was £1,808 million which represented 92% of the benefits that had accrued to members after allowing for expected future increases in earnings.

By agreement with the trustees, the Company has agreed to eliminate the 5 April 2013 deficit over a period of six years and three months to 31 December 2019 through monthly payments totalling £26 million per annum. The next triennial valuation is due to be completed as at 5 April 2016. 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, and one other trustee director are independent. There are a further five trustee directors who are either UK-based employees or former employees of the Group, three of whom have been nominated by Plan members.

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.

### 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 £11 million in the year (2014: £10 million) to these arrangements.

## 22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

### ALL DEFINED BENEFIT SCHEMES

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

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

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

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

	UK schemes		USA schemes		Other schemes	
	2015	2014	2015	2014	2015	2014
Discount rate	3.8%	4.0%	3.9%	3.9%	2.2%	2.5%
Inflation	3.1%	3.2%	2.1%	2.3%	1.4%	1.7%
CPI inflation	2.35%	2.45%	n/a	n/a	n/a	n/a
Rate of increase in salaries	3.1%	3.2%	3.0%	3.0%	1.7%	1.7%
Rate of increase for pensions in payment	3.0%	3.1%	2.1%	2.3%	0.2%	0.3%
Rate of increase for deferred pensions*	2.7%	2.8%	0.0%	0.0%	0.0%	0.0%

\* This assumption is now presented as a weighted average.

The mortality assumptions used to value the UK pension schemes are derived from the S1NA generational mortality tables with improvements in line with the projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession, with no rating for males and +0.6 year age adjustment for 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 18 years (2014: 18 years).

Examples of the resulting life expectancies are as follows:

LIFE EXPECTANCY AT AGE 65	2015		2014	
	Male	Female	Male	Female
Member aged 65 in 2015 (2014)	22.6	24.5	22.5	24.4
Member aged 65 in 2040 (2039)	24.8	27.0	24.8	26.9

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 MP2014 scale. Examples of the resulting life expectancies are as follows:

LIFE EXPECTANCY AT AGE 65	2015		2014	
	Male	Female	Male	Female
Member aged 65 in 2015 (2014)	21.7	23.9	20.9	23.3
Member aged 65 in 2040 (2039)	23.8	26.0	22.9	25.5

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

#### 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 2015	Impact on scheme deficit 2014
<b>UK</b>			
Discount rate	Increase by 0.5%	Decrease by £168 million	Decrease by £170 million
	Decrease by 0.5%	Increase by £179 million	Increase by £181 million
Inflation	Increase by 0.5%	Increase by £120 million	Increase by £104 million
	Decrease by 0.5%	Decrease by £98 million	Decrease by £99 million
CPI Inflation	Increase by 0.5%	Increase by £33 million	Increase by £29 million
	Decrease by 0.5%	Decrease by £28 million	Decrease by £29 million
Life expectations from age 65	Increase by 1 year	Increase by £61 million	Increase by £55 million
Life expectations – annual improvement rate	Increase by 0.25% per annum	Increase by £27 million	Increase by £26 million
<b>USA AND OTHERS</b>			
Discount rate	Increase by 0.5%	Decrease by £20 million	Decrease by £18 million
	Decrease by 0.5%	Increase by £17 million	Increase by £19 million
Inflation	Increase by 0.5%	Increase by £5 million	Increase by £4 million
	Decrease by 0.5%	Decrease by £3 million	Decrease by £4 million
Life expectations from age 65	Increase by 1 year	Increase by £6 million	Increase by £8 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.

#### ANALYSIS OF THE FAIR VALUE OF PLAN ASSETS

At 30 September 2015, 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	2015				2014			
	UK £m	USA £m	Other £m	Total £m	UK £m	USA £m	Other £m	Total £m
<b>EQUITY TYPE ASSET</b>								
Global equities quoted	238	151	11	400	541	165	11	717
Global equities unquoted	–	–	12	12	–	–	12	12
<b>GOVERNMENT BONDS</b>								
UK fixed interest quoted	538	–	–	538	352	–	–	352
UK index linked quoted	818	–	–	818	625	–	–	625
Overseas quoted	–	8	–	8	–	14	6	20
Overseas unquoted	–	–	27	27	–	–	20	20
<b>CORPORATE BONDS</b>								
Corporate bonds quoted	387	107	–	494	278	68	–	346
Corporate bonds unquoted	–	–	2	2	–	–	2	2
Diversified securities quoted	–	7	–	7	–	9	–	9
<b>OTHER ASSETS</b>								
Property funds quoted	152	–	1	153	145	–	1	146
Property funds unquoted	–	–	12	12	–	–	13	13
Insurance policies unquoted	–	–	9	9	–	–	11	11
Other assets	–	–	9	9	–	–	5	5
Cash and cash equivalents	4	27	2	33	3	23	3	29
At 30 September	2,137	300	85	2,522	1,944	279	84	2,307



## 22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

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	2015				2014			
	UK £m	USA £m	Other £m	Total £m	UK £m	USA £m	Other £m	Total £m
At 1 October	1,944	279	84	2,307	1,772	250	127	2,149
Currency adjustment	–	20	(1)	19	–	–	(6)	(6)
Interest income on plan assets	76	11	2	89	78	10	3	91
Return on plan assets, excluding interest income	155	(14)	4	145	122	14	1	137
Employee contributions	–	18	2	20	–	15	2	17
Employer contributions	30	32	12	74	30	15	15	60
Benefits paid	(68)	(29)	(11)	(108)	(58)	(24)	(14)	(96)
Administration expenses paid from plan assets	–	(2)	–	(2)	–	(1)	–	(1)
Disposals and plan settlements	–	(15)	(7)	(22)	–	–	(44)	(44)
At 30 September	2,137	300	85	2,522	1,944	279	84	2,307

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2015				2014 Restated <sup>1</sup>			
	UK £m	USA £m	Other £m	Total £m	UK £m	USA £m	Other £m	Total £m
At 1 October	1,920	390	167	2,477	1,790	352	210	2,352
Currency adjustment	(1)	27	(6)	20	–	–	(14)	(14)
Current service cost	2	8	6	16	2	7	7	16
Past service cost	–	–	–	–	–	1	(5)	(4)
Interest expense on benefit obligations	75	15	4	94	78	14	6	98
Remeasurements – demographic assumptions	–	3	2	5	12	9	2	23
Remeasurements – financial assumptions	38	(11)	3	30	96	15	10	121
Remeasurements – experience	–	–	2	2	–	1	1	2
Employee contributions	–	18	2	20	–	15	2	17
Benefits paid	(68)	(29)	(11)	(108)	(58)	(24)	(13)	(95)
Disposals and plan settlements	–	(17)	(8)	(25)	–	–	(40)	(40)
Acquisitions	–	–	–	–	–	–	1	1
At 30 September	1,966	404	161	2,531	1,920	390	167	2,477

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2015				2014 Restated <sup>1</sup>			
	UK £m	USA £m	Other £m	Total £m	UK £m	USA £m	Other £m	Total £m
Funded obligations	1,924	310	105	2,339	1,878	301	107	2,286
Unfunded obligations	42	94	56	192	42	89	60	191
Total obligations	1,966	404	161	2,531	1,920	390	167	2,477

POST-EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2014 Restated <sup>1</sup>			
	UK £m	USA £m	Other £m	Total £m
Present value of defined benefit obligations <sup>1</sup>	1,920	390	167	2,477
Fair value of plan assets	(1,944)	(279)	(84)	(2,307)
Post-employment benefit obligations recognised in the balance sheet	(24)	111	83	170

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11, as detailed in note 15.

POST-EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2015			
	UK £m	USA £m	Other £m	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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

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, £29 million (2014: £27 million), may not be offset against pension obligations under IAS 19 and is reported within note 13.

#### AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED INCOME STATEMENT

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

	2015				2014 Restated <sup>1</sup>			
	UK £m	USA £m	Other £m	Total £m	UK £m	USA £m	Other £m	Total £m
Current service cost	2	8	6	16	2	7	7	16
Past service cost	–	–	–	–	–	1	(5)	(4)
Charged to operating expenses	2	8	6	16	2	8	2	12
Interest expense on benefit obligations	75	15	4	94	78	14	6	98
Interest income on plan assets	(76)	(11)	(2)	(89)	(78)	(10)	(3)	(91)
Charged to finance costs	(1)	4	2	5	–	4	3	7
Total charged in the consolidated income statement	1	12	8	21	2	12	5	19

The Group made total contributions to defined benefit schemes of £74 million in the year (2014: £60 million), including exceptional advance payments of £nil (2014: £nil) and expects to make total contributions, including UK deficit contributions, to these schemes of £55 million in 2016.

#### AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2015 £m	2014 Restated <sup>1</sup> £m
Remeasurement of post-employment benefit obligations		
Effect of changes in demographic assumptions	(5)	(23)
Effect of changes in financial assumptions	(30)	(121)
Effect of experience adjustments	(2)	(2)
Remeasurement of post-employment benefit obligations – loss	(37)	(146)
Return on plan assets, excluding interest income – gain	145	137
Total recognised in the consolidated statement of comprehensive income	108	(9)

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS 11.

#### 23 SHARE CAPITAL

During the year, no options were granted under The Compass Group Share Option Plan 2010.

During the year, the Company purchased 30,086,546 equity ordinary shares in accordance with its share buyback programme (2014: 21,752,881). Of these 9,552,807 were held as Treasury shares. £225 million was paid to acquire shares that were subsequently cancelled and £103 million was paid to acquire shares that are held as Treasury shares. The total amount paid to acquire the shares was £328 million which has been deducted from shareholders' equity (2014: £200 million).

756,579 Treasury shares were released in 2015 (2014: nil), leaving a balance held at 30 September 2015 of 8,796,228 (2014: nil). Proceeds received from the reissuance of Treasury shares to exercise share options were £1 million (2014: £nil).

On 14 May 2014, Compass Group PLC announced a Return of Cash to shareholders of approximately £1 billion by way of a special dividend. 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 held. Following approval of the Return of Cash to shareholders on 11 June 2014, 1,366,745,487 C shares of 0.0001 pence each and 419,413,879 B shares of 56 pence each were issued on 8 July 2014 following partial capitalisation of the share premium account. On 15 July 2014, a dividend of 56 pence per share was declared on the C shares at a cost of £765 million payable on 29 July 2014 and these shares were reclassified as deferred shares. On the same day the B shares were redeemed for 56 pence per share at a cost of £235 million, payable on 29 July 2014. The deferred shares were redeemed on 15 July 2014. Following redemption, the B shares and deferred shares were cancelled. Costs in relation to the Return of Cash were £2 million.

The on market share buyback programme was resumed on 31 July 2014. During the period to 30 September 2014 a total of 8,000,000 ordinary shares of 10½ pence each were repurchased for consideration of £78 million and subsequently cancelled. The Company also contracted to repurchase a further 200,000 ordinary shares of 10½ pence each before 30 September 2014 for consideration of £1.9 million which was settled in October 2014.

## 23 SHARE CAPITAL CONTINUED

ALLOTTED SHARE CAPITAL	2015		2014	
	Number of shares	£m	Number of shares	£m
<i>Allotted and fully paid:</i>				
New Ordinary shares of 10% <i>p</i> each	1,656,777,382	176	1,673,886,784	178
At 1 October		178		180
Ordinary and New Ordinary shares allotted during the year		–		1
Repurchase of Ordinary and New Ordinary shares		(2)		(3)
At 30 September		176		178

ALLOTTED SHARE CAPITAL	2015			2014		
	Ordinary shares of 10% <i>p</i> each	Ordinary shares of 10 <i>p</i> each	New Ordinary shares of 10% <i>p</i> each	B shares of 56 <i>p</i> each	C shares of 0.0001 <i>p</i> each	Deferred shares of 0.0001 <i>p</i> each
At 1 October	1,673,886,784	1,804,035,995	–	–	–	–
Ordinary and New Ordinary shares allotted during the year on exercise of share options	1,821,725	2,542,672	795,616	–	–	–
Ordinary shares allotted during the year on release of Long Term Incentive Plan awards	1,602,612	1,333,578	–	–	–	–
Ordinary shares issued to Compass Group Employee Share Trust	–	2	–	–	–	–
Repurchase of Ordinary and New Ordinary shares	(20,533,739)	(21,752,881)	(8,000,000)	–	–	–
B and C shares issued through capitalisation of share premium account	–	–	–	419,413,879	1,366,745,487	–
Conversion of 17 Ordinary shares of 10 <i>p</i> each to 16 New Ordinary shares of 10% <i>p</i> each	–	(1,786,159,366)	1,681,091,168	–	–	–
Redemption and cancellation of B shares	–	–	–	(419,413,879)	–	–
Reclassification of C shares to deferred shares	–	–	–	–	(1,366,745,487)	1,366,745,487
Cancellation of deferred shares	–	–	–	–	–	(1,366,745,487)
At 30 September	1,656,777,382	–	1,673,886,784	–	–	–

At 30 September 2015, employees held options over a total of 9,799,188 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
<i>Date of grant:</i>			
14 December 2005	14 December 2008 – 13 December 2015	141,690	210.00
12 June 2006	12 June 2009 – 11 June 2016	5,000	234.50
30 March 2007	30 March 2010 – 29 March 2017	286,932	335.75
28 September 2007	28 September 2010 – 27 September 2017	28,660	310.75
28 March 2008	28 March 2011 – 27 March 2018	315,094	321.50
31 March 2009	31 March 2012 – 30 March 2019	623,439	319.00
30 September 2009	30 September 2012 – 29 September 2019	2,310	372.40
13 May 2010	13 May 2013 – 12 May 2020	719,416	557.50
25 November 2010	25 November 2013 – 24 November 2020	10,155	566.00
19 May 2011	19 May 2014 – 18 May 2021	1,054,400	575.00
25 November 2011	25 November 2014 – 24 November 2021	10,000	545.50
17 May 2012	17 May 2015 – 16 May 2022	2,452,078	627.00
22 November 2012	22 November 2015 – 21 November 2022	206,901	699.50
16 May 2013	16 May 2016 – 15 May 2023	3,832,213	878.00
29 November 2013	29 November 2016 – 28 November 2023	110,900	922.00
		<b>9,799,188</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 23 SHARE CAPITAL CONTINUED

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 to satisfy the profit realised during the period of the option.

At 30 September 2015, 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
<i>Date of award:</i>			
12 February 2013	1 October 2015	1,079,039	33% TSR/33% AFCF/33%ROCE
18 February 2013	1 October 2015	18,717	33% TSR/33% AFCF/33%ROCE
29 November 2013	1 October 2016	827,498	33% TSR/33% AFCF/33%ROCE
29 November 2013	1 October 2016	13,556	50% AFCF/50%ROCE
9 July 2014	9 July 2017	1,375,197	50% AFCF/50%ROCE
27 November 2014	27 November 2017	99,312	50% AFCF/50%ROCE
6 February 2015	1 October 2017	801,831	33% TSR/33% AFCF/33%ROCE
14 May 2015	14 May 2018	1,406,172	50% AFCF/50%ROCE
		<b>5,621,322</b>	

The performance and vesting conditions are described in more detail in note 24.

#### 24 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 consolidation of Compass Group PLC shares that took place during the prior year had no impact on the number of options outstanding under these plans or on the other terms and conditions that apply to them other than consideration by the Remuneration Committee of the impact on the performance targets that relate to these awards.

The following tables illustrate the number and weighted average exercise prices of, and movements in, share options during the year:

	2015		2014	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
<b>EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS</b>				
Outstanding at 1 October	15,296,670	623.07	21,107,790	577.50
Granted	–	–	128,800	922.00
Exercised	(2,578,304)	462.68	(3,338,288)	397.11
Lapsed (following net settlement)	(1,681,555)	603.06	(1,604,825)	570.53
Expired	(229,400)	229.25	(381,300)	342.91
Lapsed	(1,008,223)	661.03	(615,507)	658.71
Outstanding at 30 September	9,799,188	674.02	15,296,670	623.07
Exercisable at 30 September	5,649,174	529.85	6,118,190	438.93

##### INFORMATION RELATING TO ALL OPTION SCHEMES

The weighted average share price at the date of exercise for share options exercised during the year was 1,096.06 pence (2014: 951.30 pence).

The executive and management options outstanding at the end of the year have a weighted average remaining contractual life of 6.2 years (2014: 6.7 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.

## 24 SHARE-BASED PAYMENTS CONTINUED

The following assumptions were used in calculating the fair value of options granted under the CSOP 2010:

ASSUMPTIONS – OPTIONS	2015	2014
Expected volatility	–	15.3%
Risk free interest rate	–	1.8%
Dividend yield	–	2.6%
Expected life	–	6.0 years
Weighted average share price at date of grant	–	921.00p
Weighted average option exercise price	–	922.00p

Vesting of options awarded from October 2005 onwards depends on the achievement of the Adjusted Free Cash Flow (AFCF) target. For options granted after 30 September 2006, 100% of the options will vest if the maximum target is met and a proportion of the awards will vest if the threshold target is met, as set out in the table shown below. Awards vest on a straight line basis for AFCF between these two points.

EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	Performance period	Target			
		Threshold		Maximum	
		AFCF £m	% of award	AFCF £m	% of award
<i>Granted on:</i>					
22 November 2012 and 16 May 2013	1 October 2012 – 30 September 2015	2,246	0%	2,482	100%
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 in full.

### LONG TERM INCENTIVE PLANS

Full details of The Compass Group PLC Long Term Incentive Plan 2010 (2010 LTIP) can be found in the Directors' Remuneration Report on pages 59 to 77.

The consolidation of Compass Group PLC shares that took place during the prior year had no impact on the number of awards outstanding under these plans or on the other terms and conditions that apply to them other than consideration by the Remuneration Committee of the impact on the performance targets that relate to these awards.

The following table shows the movement in share awards during the year:

LONG TERM INCENTIVE PLANS	2015 Number of shares	2014 Number of shares
Outstanding at 1 October	5,176,571	4,170,607
Awarded	2,352,851	2,381,464
Released	(1,602,612)	(1,333,578)
Lapsed	(305,488)	(41,922)
Outstanding at 30 September	5,621,322	5,176,571
Available for release at 30 September	–	–

PERFORMANCE TARGETS – LONG TERM INCENTIVE PLANS	2015 Number of shares	2014 Number of shares
Total Shareholder Return (TSR)	909,028	1,498,295
Cumulative three year Adjusted Free Cash Flow (AFCF)	2,356,147	2,247,119
Improvement in Return On Capital Employed (ROCE)	2,356,147	1,431,157
Outstanding at 30 September	5,621,322	5,176,571

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 24 SHARE-BASED PAYMENTS CONTINUED

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.

LONG TERM INCENTIVE PLANS	Performance period	Target			
		Threshold		Maximum	
		AFCF £m	% of award	AFCF £m	% of award
<i>Awarded during the year commencing:</i>					
1 October 2012	1 October 2012 – 30 September 2015	2,246	0%	2,482	100%
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%

Vesting of a proportion of LTIP awards is dependent on the achievement of the ROCE improvement target over the performance period. 100% of that element of the award will vest if the maximum ROCE improvement 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.

LONG TERM INCENTIVE PLANS	Performance period	Target			
		Threshold		Maximum	
		ROCE %	% of award	ROCE %	% of award
<i>Awarded during the year commencing:</i>					
1 October 2012	1 October 2012 – 30 September 2015	17.9%	25%	19.6%	100%
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%

The fair value of awards subject to AFCF and ROCE improvement 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 improvement forecasts. The AFCF performance targets relating to LTIP awards made in the years commencing 1 October 2010 and 1 October 2011 were met in full and the maximum number of shares available were released to the participants.

For awards made in the year commencing 1 October 2010, the Company's TSR performance fell just outside the top quartile of the comparator group and as a result 96.1% of that element of the award 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. The weighted average share price at the date of release for LTIP awards released during 2015 was 1,060.06 pence (2014: 938.50 pence).

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.7 years (2014: 1.5 years).

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 value was 663.40 pence, 630.36 pence and 708.41 pence respectively. For the year ended 30 September 2014, LTIP awards were made on 29 November 2013 and 9 July 2014 for which the estimated fair value was 582.03 pence and 653.22 pence respectively. These awards were all made under the terms of the 2010 LTIP.

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	2015	2014
Expected volatility	<b>14.9%</b>	15.5%
Risk free interest rate	<b>0.7%</b>	0.7%
Dividend yield	<b>2.3%</b>	2.4%
Expected life	<b>2.9 years</b>	2.9 years
Weighted average share price at date of grant	<b>1,130.31p</b>	986.23p

## 24 SHARE-BASED PAYMENTS CONTINUED

### RESTRICTED SHARES

The following table shows the movement in restricted share awards during the year:

	2015 Number of shares	2014 Number of shares
<b>RESTRICTED SHARES</b>		
Outstanding at 1 October	347,270	118,353
Awarded	79,502	264,770
Vested and released	(114,566)	(35,853)
Lapsed	(25,000)	–
Outstanding at 30 September	287,206	347,270
Vested and available for release at 30 September	–	–

	2015 Number of shares	2014 Number of shares
<b>RESTRICTED SHARES (PHANTOM AWARDS)</b>		
Outstanding at 1 October	52,460	52,460
Vested and released	(52,460)	–
Outstanding at 30 September	–	52,460
Vested and available for release at 30 September	–	–

The phantom restricted shares were awarded on 25 November 2011 and vested on 25 November 2014. These awards were cash-settled and the fair value is reassessed at each balance sheet date. The carrying amount as at 30 September 2015 is £nil (2014: £0.5 million).

The fair value of restricted shares awarded in the year was calculated using the Black-Scholes option pricing model, using the following assumptions.

<b>ASSUMPTIONS – RESTRICTED SHARES</b>	2015	2014
Expected volatility	14.8%	15.3%
Risk free interest rate	0.5%	0.7%
Dividend yield	2.5%	2.6%
Expected life	1.8 years	2.4 years
Weighted average share price at date of grant	1,064.00p	923.08p

The weighted average share price at the date of release for restricted share awards released during 2015 was 1,093.05 pence (2014: 997.93 pence).

### DEFERRED ANNUAL BONUS PLAN

Certain senior executives participate in the Deferred Annual Bonus Plan. Awards made before 30 September 2013 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, profit growth and personal performance targets. 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 £0.8 million (2014: £2.5 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, cumulative PBIT and personal performance targets 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 491,588 (2014: 285,040) 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:

<b>ASSUMPTIONS – DEFERRED ANNUAL BONUS PLAN</b>	2015	2014
Expected volatility	14.8%	15.3%
Risk free interest rate	0.6%	0.7%
Dividend yield	2.5%	2.6%
Expected life	3.0 years	3.0 years
Weighted average share price at date of grant	1,060.00p	921.00p

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 24 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, cumulative PBIT and personal performance targets 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:

	2015 Number of shares	2014 Number of shares
<b>ACCELERATED GROWTH PLAN</b>		
Outstanding at 1 October	563,070	–
Awarded	108,494	605,564
Lapsed	(55,950)	(42,494)
Outstanding at 30 September	615,614	563,070

##### 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:

	2015 Number of shares	2014 Number of shares
<b>LONG TERM BONUS PLAN</b>		
Outstanding at 1 October	277,466	352,953
Released	(88,528)	(67,685)
Lapsed	(27,936)	(7,802)
Outstanding at 30 September	161,002	277,466

The fair value of bonus shares awarded is calculated using the Black-Scholes option pricing model; however, no new awards were made in either 2015 or 2014.

The weighted average share price at the date of release for share bonus awards released during 2015 was 1,101.00 pence. No awards were released during 2014. The share bonus awards have all vested, although certain executives have elected to defer taking their entitlements for a further period of up to 1.3 years (2014: 3.3 years), the weighted average deferral period being 1.0 years (2014: 1.3 years).

##### INCOME STATEMENT EXPENSE

The Group recognised an expense of £15 million (2014: £13 million) for continuing operations in respect of equity-settled share-based payment transactions and £nil (2014: £2 million) in respect of cash-settled share-based payment transactions.

#### 25 BUSINESS COMBINATIONS

The Group has completed a number of smaller infill acquisitions in several countries for a total consideration of £93 million, of which £76 million was paid in the year. In addition, the Group paid a further £13 million deferred consideration relating to prior years.

Acquisition transaction costs expensed in the year to 30 September 2015 were £2 million (2014: £3 million).

In the period from acquisition to 30 September 2015, the acquisitions contributed revenue of £42 million and operating profit of £6 million to the Group's results.

If the acquisitions had occurred on 1 October 2014, it is estimated that the combined sales of Group and equity accounted joint ventures for the period would have been £17,884 million and total Group operating profit (including associates) would have been £1,264 million.



## 26 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	2015 £m	2014 Restated <sup>1</sup> £m
<b>RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY CONTINUING OPERATIONS</b>		
Operating profit from continuing operations	1,222	1,184
<i>Adjustments for:</i>		
Acquisition transaction costs	2	3
Amortisation of intangible assets	147	128
Amortisation of intangible assets arising on acquisition	26	25
Depreciation of property, plant and equipment	193	189
Profit on disposal of property, plant and equipment/intangible assets	3	(1)
Decrease in provisions	(56)	(64)
Decrease in post-employment benefit obligations	(59)	(46)
Share-based payments – charged to profits	15	13
Operating cash flows before movement in working capital	1,493	1,431
Increase in inventories	(17)	(17)
Increase in receivables	(128)	(152)
Increase in payables	128	155
Cash generated by continuing operations	1,476	1,417

1 2014 has been restated for the change in the accounting treatment for joint ventures in accordance with IFRS 11, as detailed in note 15.

## 27 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 £m
	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	
<b>NET DEBT</b>								
At 1 October 2013	987	(20)	(2,223)	(2,243)	(21)	66	(2,198)	(1,211)
Net decrease in cash and cash equivalents	(563)	–	–	–	–	–	–	(563)
Cash inflow from issue of bonds	–	–	(646)	(646)	–	–	(646)	(646)
Cash outflow from repayment of loan notes	–	–	74	74	–	–	74	74
Cash inflow from other changes in gross debt	–	(18)	(3)	(21)	–	(4)	(25)	(25)
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	(16)	1	51	52	1	(24)	29	13
Reclassification <sup>1</sup>	–	–	(18)	(18)	–	–	(18)	(18)
Other non-cash movements	–	–	(21)	(21)	–	23	2	2
At 30 September 2014 <sup>1,2</sup>	408	(37)	(2,786)	(2,823)	(17)	61	(2,779)	(2,371)
At 1 October 2014	<b>408</b>	<b>(37)</b>	<b>(2,786)</b>	<b>(2,823)</b>	<b>(17)</b>	<b>61</b>	<b>(2,779)</b>	<b>(2,371)</b>
Net decrease in cash and cash equivalents	<b>(103)</b>	–	–	–	–	–	–	<b>(103)</b>
Cash inflow from issue of loan notes	–	–	(259)	(259)	–	–	(259)	(259)
Cash outflow from repayment of bonds	–	–	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	<b>283</b>	<b>(59)</b>	<b>(2,859)</b>	<b>(2,918)</b>	<b>(13)</b>	<b>45</b>	<b>(2,886)</b>	<b>(2,603)</b>

1 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

2 2014 has been restated for the change in the accounting treatment for joint ventures in accordance with IFRS 11, as detailed in note 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 27 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	2015 £m	2014 £m
Amortisation of fees and discount on issuance	(1)	(2)
Amortisation of the fair value adjustment in respect of the £250 million sterling Eurobond redeemable in 2014	–	4
Changes in the fair value of bank and other borrowings in a designated fair value hedge	(26)	(23)
Bank and other borrowings	(27)	(21)
Changes in the value of derivative financial instruments including accrued income	25	23
Other non-cash movements	(2)	2

#### 28 CONTINGENT LIABILITIES

##### PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2015 £m	2014 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings) <sup>1</sup>	349	392

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 30.

##### 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.

## 29 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2015 £m	2014 £m
Contracted for but not provided for	230	187

The majority of capital commitments are for intangible assets.

## 30 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:

OPERATING LEASE AND CONCESSIONS COMMITMENTS	2015			2014		
	Operating leases Land and buildings £m	Other assets £m	Other occupancy rentals £m	Operating leases Land and buildings £m	Other assets £m	Other occupancy rentals £m
Falling due within 1 year	51	52	51	53	46	55
Falling due between 2 and 5 years	136	75	84	141	63	74
Falling due in more than 5 years	72	9	55	76	6	53
Total	259	136	190	270	115	182

## 31 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 VENTURES

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 14 and 20. 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.

## 32 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 33 EXCHANGE RATES

	2015	2014
<b>AVERAGE EXCHANGE RATE FOR THE YEAR<sup>1</sup></b>		
Australian Dollar	1.98	1.81
Brazilian Real	4.66	3.80
Canadian Dollar	1.90	1.79
Euro	1.35	1.23
Japanese Yen	184.31	169.92
Norwegian Krone	11.82	10.12
South African Rand	18.60	17.54
Swedish Krona	12.58	11.00
Swiss Franc	1.48	1.49
Turkish Lira	3.96	3.53
UAE Dirham	5.69	6.09
US Dollar	1.55	1.66
<b>CLOSING EXCHANGE RATE AS AT 30 SEPTEMBER<sup>1</sup></b>		
Australian Dollar	2.16	1.85
Brazilian Real	6.03	3.97
Canadian Dollar	2.03	1.81
Euro	1.36	1.28
Japanese Yen	181.42	177.83
Norwegian Krone	12.92	10.41
South African Rand	20.94	18.32
Swedish Krona	12.70	11.69
Swiss Franc	1.48	1.55
Turkish Lira	4.59	3.70
UAE Dirham	5.56	5.95
US Dollar	1.51	1.62

<sup>1</sup> 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.

## 34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC

All companies listed below are owned by the Group and all interests are in the 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 Servicos e Alimentacao Ltda	Brazil	100	Food and support services
Compass Group Canada Ltd	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 <sup>(iii) (viii)</sup>	South Africa	75	Food and support services
Supercare Services Group (Proprietary) Limited	South Africa	75	Support services
Sofra Yemek Üretim Ve Hizmet A.S. <sup>(iii)</sup>	Turkey	100	Food and support services
Compass Contract Services (U.K.) Limited	United Kingdom	100	Food and support services
Compass Group Holdings PLC <sup>(i) (iii)</sup>	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 <sup>(i)</sup>	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	United Kingdom	100	Security and support services
Bon Appétit Management Co. <sup>(viii)</sup>	USA	100	Food service
Compass Group USA Investments Inc.	USA	100	Holding company
Compass Group USA, Inc. <sup>(viii)</sup>	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
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

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding	OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Eurest Algeria SPA	Algeria	100	Eurest Restaurationbetriebs GmbH	Austria	100
Servicios Compass de Argentina SA	Argentina	100	Kunz Gebäudereinigung GmbH	Austria	100
Compass Australia PTY Ltd	Australia	100	Select Service Partner Gastronomiebetrieb GmbH <sup>(ii)</sup>	Austria	100
Compass Group B&I Hospitality Services PTY Ltd	Australia	100	C.A.P.S. (Bangladesh) Limited <sup>(ii)</sup>	Bangladesh	100
Compass Group Defence Hospitality Services PTY Ltd	Australia	100	Compass Group Belgilux SA	Belgium	100
Compass Group Education Hospitality Services PTY Ltd	Australia	100	Compass Group Service Solutions SA	Belgium	100
Compass Group Healthcare Hospitality Services PTY Ltd	Australia	100	Compass Group Support Belgium SA	Belgium	100
Compass Group Management Services PTY Ltd	Australia	100	FLR Holding SA	Belgium	100
Compass Group Relief Hospitality Services PTY Ltd	Australia	100	Clean Mall Servicos Ltda	Brazil	100
Compass Group Remote Hospitality Services PTY Ltd	Australia	100	GRSA Servicos Ltda	Brazil	100
Compass Retail Services Pty Ltd	Australia	100	Compass Group Holdings (BVI) Limited	British Virgin Islands	100
Delta Facilities Management PTY Ltd	Australia	100	Compass Group (Cambodia) Co Ltd <sup>(ii)</sup>	Cambodia	100
Delta FM Australia PTY Ltd	Australia	100	Eurest Cameroun SARL <sup>(ii)</sup>	Cameroon	100
Eurest (Australia) Food Services – NSW PTY Ltd	Australia	100	Eurest Camp Logistics Cameroun SARL <sup>(ii)</sup>	Cameroon	100
Eurest (Australia) Food Services – Wollongong PTY Ltd	Australia	100	Canteen of Canada Ltd	Canada	100
Eurest (Australia) Food Services PTY Ltd	Australia	100	Compass Canada Support Services Ltd	Canada	100
Eurest (Australia) Licence Holdings PTY Ltd	Australia	100	Compass Group Ontario Ltd	Canada	100
Eurest (Australia) PTY Ltd	Australia	100	Crothall Services Canada Inc <sup>(iii)</sup>	Canada	100
Eurest (Australia) Victoria PTY Ltd	Australia	100	East Coast Catering (NS) Limited	Canada	100
Heritage Catering & Services PTY Ltd	Australia	100	East Coast Catering Limited	Canada	100
LAPG Education PTY Ltd	Australia	100	Great West Catering Ltd	Canada	100
LAPG PTY Ltd	Australia	100	Groupe Compass (Quebec) Ltd <sup>(iii)</sup>	Canada	100
Life's A Party Group PTY Ltd	Australia	100	Long Harbour Catering LP	Canada	100
Life's A Party PTY Ltd	Australia	100	Long Harbour Catering Ltd	Canada	100
Omega Security Services PTY Ltd	Australia	100	Tamarack Catering Ltd	Canada	100
Restaurant Associates (Australia) PTY Ltd	Australia	100	Town Square Food Services Ltd	Canada	100
Sargem PTY Ltd	Australia	100	Heriot Limited <sup>(ii)</sup>	Cayman Islands	100
Compass Group Austria Holdings One GmbH	Austria	100	Cadelsur SA	Chile	100
Compass Group Austria Holdings Two GmbH	Austria	100	Compass Catering SA	Chile	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding	OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Compass Catering y Servicios Chile Limitada	Chile	100	Automat Services SARL	Luxembourg	100
Compass Servicios SA	Chile	100	Eurest Luxembourg SA	Luxembourg	100
Scolarest SA	Chile	100	IMMO Capellen SA	Luxembourg	100
Compass (China) Management Service Company Ltd	China	100	Innoclean SA	Luxembourg	100
Shanghai Eurest Food Technology Services Co Ltd	China	100	Novelia Senior Services SA	Luxembourg	100
Compass Group Services Colombia SA	Colombia	100	Compass Group Malaysia Sdn Bhd	Malaysia	100
Eurest Services Congo SARL <sup>(ii)</sup>	Congo	100	Em-ssis Services Sdn Bhd <sup>(ii)</sup>	Malaysia	100
ESS Design & Build Ltd <sup>(ii)</sup>	Cyprus	100	Restomas Sdn Bhd <sup>(ii)</sup>	Malaysia	100
Eurest (Cyprus) Ltd <sup>(ii)</sup>	Cyprus	100	Urusan Bakti Sdn Bhd <sup>(ii)</sup>	Malaysia	100
Eurest Support Services (Cyprus) International Ltd <sup>(ii)</sup>	Cyprus	100	Compass Group Mauritius Ltd	Mauritius	100
Eurest spol. s.r.o	Czech Republic	100	Eurest Proper Meals de Mexico SA De CV <sup>(iii) (iv)</sup>	Mexico	100
Scolarest Zařizení Školního Stravování spol. s.r.o	Czech Republic	100	Eurest SA de CV <sup>(iii) (iv)</sup>	Mexico	100
Compass Group Danmark A/S	Denmark	100	Food Works of Mexico, S de RL <sup>(ii) (iii) (iv)</sup>	Mexico	100
Compass Group Finland OY	Finland	100	Food Works Services of Mexico, S de RL <sup>(ii) (iii) (iv)</sup>	Mexico	100
Academie Formation Groupe Compass	France	100	Servicios Corporativos Eurest-Proper Meals de Mexico SA De CV <sup>(iii) (iv)</sup>	Mexico	100
Caterine Restauration <sup>(ii)</sup>	France	100	Eurest Monaco SA	Monaco	100
Compass Food Trucks France	France	100	Compass Eurest LLC <sup>(ii)</sup>	Mongolia	100
CRM	France	100	Aurora Holdco BV	Netherlands	100
Eurest International SNC <sup>(ii)</sup>	France	100	CGI Holdings (2) BV	Netherlands	100
Eurest Sports & Loisirs	France	100	Compass 2 BV	Netherlands	100
Evhrest	France	100	Compass 3 BV	Netherlands	100
Levy Restaurants France	France	100	Compass Group Holding BV <sup>(ii)</sup>	Netherlands	100
Mediance SAS	France	100	Compass Group International 10 BV <sup>(ii)</sup>	Netherlands	100
Memonett SAS	France	100	Compass Group International 2 BV	Netherlands	100
Occitanie Restauration	France	100	Compass Group International 3 BV	Netherlands	100
Oceane de Restauration	France	100	Compass Group International 4 BV	Netherlands	100
Servirest SAS	France	100	Compass Group International 5 BV	Netherlands	100
Set Meal	France	100	Compass Group International 6 BV <sup>(ii)</sup>	Netherlands	100
SHRM Angola SA	France	100	Compass Group International 9 BV	Netherlands	100
Societe Culinaire Des Pays de L'Adour	France	100	Compass Group International ESS Shanghai BV	Netherlands	100
Societe De Prestations En Gestion Immobiliere SAS	France	100	Compass Group International Finance 1 BV	Netherlands	100
Societe International D'Assistance	France	100	Compass Group International Finance 2 BV	Netherlands	100
Societe Nouvelle Lecocq SAS	France	100	Compass Group Shanghai Eurest BV <sup>(ii)</sup>	Netherlands	100
Sogecom SARL	France	100	Compass Group Vending Holding BV	Netherlands	100
Sogirest SAS	France	100	Compass Hotels Chertsey BV	Netherlands	100
Súd Est Traiteur SAS	France	100	Eurest Support Services (ESS) BV	Netherlands	100
Eurest Support Services Gabon SA	Gabon	100	Eurest Support Services Sakhalin BV <sup>(ii)</sup>	Netherlands	100
Eurest Bremen GmbH	Germany	100	Eurest Caledonie SARL <sup>(ii)</sup>	New Caledonia	100
Eurest Süd GmbH	Germany	100	Compass Group New Zealand Ltd	New Zealand	100
Eurest West GmbH & Co KG	Germany	100	Crothall Services Group Ltd <sup>(ii)</sup>	New Zealand	100
Facility Support Services GmbH	Germany	100	Eurest New Zealand Ltd <sup>(ii)</sup>	New Zealand	100
LPS Event Gastronomie GmbH	Germany	100	Compass Holding Norge AS	Norway	100
Menke Menue GmbH	Germany	100	ESS Mobile Offshore Units AS	Norway	100
M.S.G. Frucht GmbH	Germany	100	ESS Support Services AS	Norway	100
Orgamed Betriebsgesellschaft für Zentralsterilisationen GmbH	Germany	100	Eurest AS	Norway	100
Plural Gebäudemanagement GmbH	Germany	100	Medirest Norge AS	Norway	100
Plural Personalservice GmbH	Germany	100	Eurest (PNG) Catering & Services Ltd	Papua New Guinea	100
Plural Servicepool GmbH	Germany	100	Compass Group Philippines Inc <sup>(ii)</sup>	Philippines	100
SB Fresh Cut GmbH & Co KG	Germany	100	Eurest Poland Sp. z.o.o.	Poland	100
SB Verwaltungen GmbH <sup>(ii)</sup>	Germany	100	Eurest (Portugal) Sociedade Europeia de Restaurantes Lda	Portugal	100
Compass Group Finance Ltd	Guernsey	100	Eurest Catering & Services Group Portugal, Lda	Portugal	100
Compass Group Hong Kong Ltd	Hong Kong	100	Eurest Holding, SGPS, Unipessoal Lda	Portugal	100
Encore Catering Ltd	Hong Kong	100	Eurest ROM SRL	Romania	100
Shin Hin Catering Group Ltd	Hong Kong	100	Aurora Rusco OOO	Russia	100
Compass Group (India) Support Services Pvt Ltd	India	100	Compass Group Rus OOO	Russia	100
Compass India Support Services Private Limited	India	100	Eurest Service Company OOO	Russia	100
Amstel Limited <sup>(ii)</sup>	Ireland	100	Compass Group (Singapore) PTE Ltd	Singapore	100
Catering Management Ireland Ltd <sup>(ii)</sup>	Ireland	100	Compass Group Asia Pacific PTE Ltd	Singapore	100
Cheyenne Ltd <sup>(ii)</sup>	Ireland	100	Consolidated Service (SE Asia) PTE Ltd	Singapore	100
Compass Catering Services Ireland Ltd	Ireland	100	SHRM Far East Pte Ltd	Singapore	100
Drumburgh Ltd <sup>(ii)</sup>	Ireland	100	Eurest spol. s.r.o	Slovakia	100
Management Catering Services Ltd	Ireland	100	Firhold (Proprietary) Ltd <sup>(ii)</sup>	South Africa	100
National Catering Ltd <sup>(ii)</sup>	Ireland	100	Makhugiso Investments (Proprietary) Ltd <sup>(viii)</sup>	South Africa	100
Rushmore Investment Company Ltd <sup>(ii) (viii)</sup>	Ireland	100	Asistentes Escolares SL	Spain	100
Sutcliffe Ireland Ltd	Ireland	100	Eurest Catalunya SL	Spain	100
Zadca Ltd <sup>(ii)</sup>	Ireland	100	Eurest Club de Campo, S.L.	Spain	100
Consolidated Services Ltd	Isle of Man	100	Eurest Collectivitat Catalunya S.L.U.	Spain	100
Queens Wharf Insurance Services Ltd <sup>(viii)</sup>	Isle of Man	100	Eurest Euskadi SLU	Spain	100
Compass (Kyushu) Co Inc	Japan	100	Eurest Servicios Ferales, S.L.	Spain	100
Eishoku Medix Inc	Japan	100	Levy-Compass Group Holdings SL	Spain	100
Eurest Japan Inc	Japan	100	Medirest Social Residencias SLU	Spain	100
Fuyo Inc	Japan	100	Compass Group AB	Sweden	100
Marunouchi Polestar Co Ltd	Japan	100	Compass Group Sweden AB	Sweden	100
MFS Inc	Japan	100	Creative New Food Dream Steam GmbH	Switzerland	100
Nihon Kyushoku Service Inc	Japan	100	Eurest Services (Switzerland) AG	Switzerland	100
Sun Food Inc.	Japan	100	Sevita AG	Switzerland	100
Sun Food Tokai Inc.	Japan	100	Sevita Group AG	Switzerland	100
Malakand Unlimited	Jersey	100	Compass Group Services Company Ltd <sup>(viii)</sup>	Thailand	100
Too ESS Support Services LLP	Kazakhstan	100	Eurasia Holdings Co Ltd	Thailand	100
Too Eurest Support Services Kazakhstan LLP	Kazakhstan	100	Eurasia Services Co Ltd	Thailand	100
Kenya Oilfield Services Ltd <sup>(ii)</sup>	Kenya	100	Eurasia Management (Thailand) Co., Ltd	Thailand	100

## 34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding	OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Euroserve Güvenlik A.Ş.	Turkey	100	Compass Services Limited <sup>(ii)</sup>	United Kingdom	100
Euroserve Hizmet ve İşletmecilik A.Ş.	Turkey	100	Compass Services Trading Limited <sup>(ii)</sup>	United Kingdom	100
Compass Camea FZE	UAE	100	Compass Services, UK and Ireland Limited <sup>(x)</sup>	United Kingdom	100
14 Forty Limited <sup>(ii)</sup>	United Kingdom	100	Compass Site Services Limited <sup>(ii) (vii)</sup>	United Kingdom	100
3 Gates Services Limited <sup>(ii)</sup>	United Kingdom	100	Compass Staff Services Limited <sup>(ii)</sup>	United Kingdom	100
A.C.M.S. Limited <sup>(x)</sup>	United Kingdom	100	Compass UK Pension Trustee Co Limited <sup>(ii)</sup>	United Kingdom	100
Audrey (London) Limited <sup>(ii)</sup>	United Kingdom	100	Cookie Jar Limited <sup>(ii)</sup>	United Kingdom	100
Audrey Investments Limited <sup>(ii)</sup>	United Kingdom	100	CRBS Resourcing Limited	United Kingdom	100
Bateman Catering Limited <sup>(ii) (vii)</sup>	United Kingdom	100	Crisp Trustees Limited <sup>(ii)</sup>	United Kingdom	100
Bateman Healthcare Services Limited <sup>(ii)</sup>	United Kingdom	100	CRN 1990 (Four) Limited <sup>(ii)</sup>	United Kingdom	100
Bateman Services Limited <sup>(ii)</sup>	United Kingdom	100	Customised Contract Catering Limited <sup>(x)</sup>	United Kingdom	100
Baxter and Platts Limited <sup>(ii) (iv) (v) (x)</sup>	United Kingdom	100	Cygnat Food Holdings Limited	United Kingdom	100
Bromwich Catering Limited <sup>(ii)</sup>	United Kingdom	100	Cygnat Foods Limited	United Kingdom	100
Business Clean Limited <sup>(ii)</sup>	United Kingdom	100	DRE Developments Limited <sup>(ii)</sup>	United Kingdom	100
Capitol Catering Management Services Limited <sup>(x)</sup>	United Kingdom	100	Eaton Catering Limited <sup>(ii)</sup>	United Kingdom	100
Carlton Catering Partnership Limited <sup>(iii) (x)</sup>	United Kingdom	100	Eaton Wine Bars Limited <sup>(ii)</sup>	United Kingdom	100
Castle Independent Limited <sup>(x)</sup>	United Kingdom	100	Eurest Airport Services Limited <sup>(ii)</sup>	United Kingdom	100
Cataforce Limited <sup>(ii)</sup>	United Kingdom	100	Eurest Defence Support Services Limited <sup>(ii)</sup>	United Kingdom	100
Caterexchange Limited <sup>(ii)</sup>	United Kingdom	100	Eurest Offshore Support Services Limited <sup>(ii) (viii)</sup>	United Kingdom	100
Caterskill Group Limited <sup>(ii)</sup>	United Kingdom	100	Eurest Prison Support Services Limited <sup>(ii)</sup>	United Kingdom	100
Caterskill Management Limited <sup>(ii)</sup>	United Kingdom	100	Eurest UK Limited <sup>(ii)</sup>	United Kingdom	100
CCG (UK) Ltd <sup>(x)</sup>	United Kingdom	100	Everson Hewett Limited <sup>(iii) (iv) (x)</sup>	United Kingdom	100
Chalk Catering Ltd <sup>(ii)</sup>	United Kingdom	100	Facilities Management Catering Limited	United Kingdom	100
Chartwells Limited <sup>(ii)</sup>	United Kingdom	100	FADS Catering Limited <sup>(ii)</sup>	United Kingdom	100
Circadia Limited <sup>(ii)</sup>	United Kingdom	100	Fairfield Catering Company Limited <sup>(ii)</sup>	United Kingdom	100
Cleaning Support Services Limited <sup>(ii)</sup>	United Kingdom	100	Fingerprint Managed Services Limited <sup>(ii)</sup>	United Kingdom	100
Coffee Partners Limited <sup>(x)</sup>	United Kingdom	100	Funpark Caterers Limited	United Kingdom	100
Compass Accounting Services Limited <sup>(ii)</sup>	United Kingdom	100	Gogmore	United Kingdom	100
Compass Catering Services Limited <sup>(ii)</sup>	United Kingdom	100	Goodfellows Catering Management Services Limited <sup>(x)</sup>	United Kingdom	100
Compass Cleaning Services Limited <sup>(ii) (viii)</sup>	United Kingdom	100	Gruppo Events Limited <sup>(x)</sup>	United Kingdom	100
Compass Contract Services Limited <sup>(ii)</sup>	United Kingdom	100	Hallmark Catering Management Limited <sup>(x)</sup>	United Kingdom	100
Compass Contracts UK Limited <sup>(ii) (viii)</sup>	United Kingdom	100	Hamard Catering Management Services Limited <sup>(ii) (vii)</sup>	United Kingdom	100
Compass Experience Limited <sup>(ii) (vii)</sup>	United Kingdom	100	Hamard Group Limited <sup>(ii)</sup>	United Kingdom	100
Compass Food Services Limited <sup>(ii)</sup>	United Kingdom	100	Henry Higgins Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 1 <sup>(ii)</sup>	United Kingdom	100	Hospital Hygiene Services Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 2 <sup>(ii)</sup>	United Kingdom	100	ICM Five Star Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 3 <sup>(ii)</sup>	United Kingdom	100	Integrated Cleaning Management Limited	United Kingdom	100
Compass Group Capital 4 <sup>(ii)</sup>	United Kingdom	100	Integrated Cleaning Management Support Services Limited	United Kingdom	100
Compass Group Capital 5 <sup>(ii)</sup>	United Kingdom	100	Keith Prowse Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 6 <sup>(ii)</sup>	United Kingdom	100	Kennedy Brookes Finance Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 7 <sup>(ii)</sup>	United Kingdom	100	Knott Hotels Company of London <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 8 <sup>(ii)</sup>	United Kingdom	100	Langston Scott Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 9 <sup>(ii)</sup>	United Kingdom	100	Leisure Support Services Limited <sup>(iii) (iv) (x)</sup>	United Kingdom	100
Compass Group Capital 10 <sup>(ii)</sup>	United Kingdom	100	Leith's Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 11 <sup>(ii)</sup>	United Kingdom	100	Lough Erne Holiday Village Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 12 <sup>(ii)</sup>	United Kingdom	100	Meal Service Company Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 13 <sup>(ii)</sup>	United Kingdom	100	Meritglen Limited <sup>(vii) (viii)</sup>	United Kingdom	100
Compass Group Capital 14 <sup>(ii)</sup>	United Kingdom	100	Milburns Catering Contracts Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 15 <sup>(ii)</sup>	United Kingdom	100	Milburns Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Capital 16 <sup>(ii)</sup>	United Kingdom	100	Milburns Restaurants Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Finance No.2 Limited	United Kingdom	100	National Leisure Catering Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Finance No.4 Limited <sup>(iii) (iv) (viii)</sup>	United Kingdom	100	New Famous Foods Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Finance No.5 Limited <sup>(xii)</sup>	United Kingdom	100	NLC (Holdings) Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group Medical Benefits Limited <sup>(ii)</sup>	United Kingdom	100	NLC (Wembley) Limited <sup>(ii)</sup>	United Kingdom	100
Compass Group North America Investments No.2	United Kingdom	100	P&C Morris (Catering) Ltd <sup>(ii) (vii)</sup>	United Kingdom	100
Compass Group North America Investments Limited	United Kingdom	100	P&C Morris Catering Group Limited <sup>(x)</sup>	United Kingdom	100
Compass Group Pension Trustee Company Limited <sup>(ii)</sup>	United Kingdom	100	Payne & Gunter Limited <sup>(x)</sup>	United Kingdom	100
Compass Group Trustees Limited <sup>(ii)</sup>	United Kingdom	100	PDM Training & Compliance Services Limited	United Kingdom	100
Compass Healthcare Group Limited <sup>(ii) (viii)</sup>	United Kingdom	100	Pennine Services Limited <sup>(ii)</sup>	United Kingdom	100
Compass Hospitality Group Holdings Limited <sup>(ii)</sup>	United Kingdom	100	Peter Parfitt Leisure Overseas Tavel Limited	United Kingdom	100
Compass Hospitality Group Limited <sup>(ii)</sup>	United Kingdom	100	Peter Parfitt Sport Limited <sup>(vii) (x)</sup>	United Kingdom	100
Compass Hotels Chertsey <sup>(iii)</sup>	United Kingdom	100	PPP Infrastructure Management Limited	United Kingdom	100
Compass Mobile Catering Limited <sup>(ii)</sup>	United Kingdom	100	Prideoak Limited <sup>(ii)</sup>	United Kingdom	100
Compass Nominee Company Number Fourteen Limited <sup>(ii)</sup>	United Kingdom	100	QCL Limited <sup>(x)</sup>	United Kingdom	100
Compass Office Cleaning Services Limited <sup>(ii)</sup>	United Kingdom	100	Quagino's Limited <sup>(ii)</sup>	United Kingdom	100
Compass Offshore Catering Limited <sup>(ii) (viii)</sup>	United Kingdom	100	Reliable Refreshments Limited	United Kingdom	100
Compass Overseas Holdings Limited	United Kingdom	100	Rhine Four Limited <sup>(ii) (vii)</sup>	United Kingdom	100
Compass Overseas Holdings No.2 Limited	United Kingdom	100	Riversdell	United Kingdom	100
Compass Overseas Services Limited <sup>(ii)</sup>	United Kingdom	100	Roux Fine Dining Limited <sup>(ii)</sup>	United Kingdom	100
Compass Payroll Services Limited <sup>(ii)</sup>	United Kingdom	100	Security Office Cleaners Limited <sup>(ii)</sup>	United Kingdom	100
Compass Pension Trustees Limited <sup>(ii)</sup>	United Kingdom	100	Selkirk House (CVH) Limited <sup>(ii) (iii) (iv) (v)</sup>	United Kingdom	100
Compass Planning and Design Limited <sup>(ii)</sup>	United Kingdom	100	Selkirk House (FP) Limited <sup>(ii) (viii)</sup>	United Kingdom	100
Compass Quest Limited <sup>(ii)</sup>	United Kingdom	100	Selkirk House (GHPL) Limited <sup>(ii)</sup>	United Kingdom	100
Compass Restaurant Properties Limited <sup>(ii) (vii)</sup>	United Kingdom	100	Selkirk House (GTP) Limited <sup>(ii)</sup>	United Kingdom	100
Compass Road Services Limited <sup>(ii)</sup>	United Kingdom	100	Selkirk House (WBRK) Limited <sup>(ii)</sup>	United Kingdom	100
Compass Scottish Site Services Limited <sup>(ii)</sup>	United Kingdom	100	Sevita (UK) Limited	United Kingdom	100
Compass Secretaries Limited <sup>(ii)</sup>	United Kingdom	100	Shaw Catering Company Limited <sup>(x)</sup>	United Kingdom	100
Compass Security Limited <sup>(ii) (vii)</sup>	United Kingdom	100	Ski Class Limited	United Kingdom	100
Compass Services (Midlands) Limited <sup>(ii)</sup>	United Kingdom	100	Solutions on Systems Limited	United Kingdom	100
Compass Services for Hospitals Limited <sup>(ii) (viii)</sup>	United Kingdom	100	Summit Catering Limited <sup>(x)</sup>	United Kingdom	100
Compass Services Group Limited <sup>(ii)</sup>	United Kingdom	100	Sunway Contract Services Limited <sup>(x)</sup>	United Kingdom	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding	OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Sutcliffe Catering Midlands Limited <sup>(ii)</sup>	United Kingdom	100	Newport Food Service, Inc.	USA	100
Sutcliffe Catering South East Limited <sup>(ii)</sup>	United Kingdom	100	PFM Kansas, Inc.	USA	100
Sycamore Newco Limited <sup>(viii)</sup>	United Kingdom	100	Prodine, Inc.	USA	100
The Bateman Catering Organization Limited <sup>(ii)</sup>	United Kingdom	100	Professional Sports Catering, LLC	USA	100
The Cuisine Centre Limited <sup>(x)</sup>	United Kingdom	100	Quality Food Management, Inc.	USA	100
The Excelsior Insurance Company Limited	United Kingdom	100	RAC Holdings Corp.	USA	100
THF Oil Limited <sup>(ii)</sup>	United Kingdom	100	Rainbow Vending, Inc.	USA	100
Tunco (1999) 103 Limited <sup>(ii)</sup>	United Kingdom	100	RA Tennis Corp	USA	100
Vendepac Holdings Limited <sup>(viii)</sup>	United Kingdom	100	Ranyst, Inc.	USA	100
Vision Security Group Limited	United Kingdom	100	Restaurant Associates Events Corp.	USA	100
Vision Security Group Systems Limited	United Kingdom	100	Restaurant Associates LLC	USA	100
VSG Holdings Limited	United Kingdom	100	Restaurant Associates, Inc.	USA	100
VSG Investments Limited	United Kingdom	100	Restaurant One Limited Partnership	USA	100
VSG Payroll Services Limited	United Kingdom	100	Restaurant Services Inc	USA	100
VSG Staff Hire Limited	United Kingdom	100	S.H.R.M. Catering Services, Inc.	USA	100
VSG Systems Direct Limited	United Kingdom	100	Southeast Service Corporation	USA	100
Waseley (CVI) Limited <sup>(ii)</sup>	United Kingdom	100	Statewide Services, Inc.	USA	100
Waseley (CVS) Limited <sup>(ii)</sup>	United Kingdom	100	Street Eats Limited	USA	100
Waseley Fifteen Limited <sup>(ii)</sup>	United Kingdom	100	Superior Limited Partnership	USA	100
Waseley Nominees Limited <sup>(ii)</sup>	United Kingdom	100	The M-Power Foundation, Inc.	USA	100
Wembley Sports Arena Limited <sup>(ii)</sup>	United Kingdom	100	Touchpoint Support Services, LLC	USA	100
Wheeler's Restaurants Limited <sup>(ii) (vii)</sup>	United Kingdom	100	Trettco, LLC	USA	100
Woodin & Johns Limited <sup>(x)</sup>	United Kingdom	100	University Food Services, Inc.	USA	100
Ace Foods, Inc.	USA	100	University Food Services, LLC	USA	100
Affiliated Purchasing Services, Inc. <sup>(ii)</sup>	USA	100	Vendlink, LLC	USA	100
Bamco Restaurants of Texas LLC	USA	100	Visinity, LLC	USA	100
Best Vendors Consolidation Services, LLC	USA	100	Yorkmont Four, Inc.	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			
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			
Convenience Foods International, Inc.	USA	100			
Crothall Facilities Management, Inc.	USA	100			
Crothall Healthcare Inc.	USA	100			
Crothall Laundry Services Inc.	USA	100			
Custom Management Corporation Of Pennsylvania <sup>(ii)</sup>	USA	100			
Cuyahoga Dining Services, Inc.	USA	100			
E15, LLC	USA	100			
Eliving, 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 <sup>(ii)</sup>	USA	100			
Levy (Oakland) Limited Partnership	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. <sup>(ii)</sup>	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 <sup>(ii)</sup>	USA	100			
Morrison's Health Care of Texas, Inc. <sup>(ii)</sup>	USA	100			
			<b>OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS</b>	<b>Country of incorporation or establishment</b>	<b>% Holding</b>
			Express Support Services, Limitada	Angola	49
			ESS Eastern Guruma PTY Ltd	Australia	60
			ESS Gebie PTY Ltd	Australia	60
			ESS Gumala PTY Ltd	Australia	60
			ESS Kokatha PTY Ltd <sup>(ii)</sup>	Australia	60
			ESS NYFL PTY Ltd	Australia	60
			ESS Pantarangu PTY Ltd	Australia	60
			ESS Thalanyji PTY Ltd	Australia	60
			ESS Larrakia PTY Ltd	Australia	50
			ESS NAAD PTY Ltd	Australia	50
			Convention Centre Management PTY Ltd	Australia	40
			ESS-AZ LLC	Azerbaijan	50
			Compass Botswana (PTY) Ltd <sup>(ii)</sup>	Botswana	45
			Compass Group Sports and Entertainment <sup>(xi)</sup>	Canada	67
			ECC – ESS Support Services <sup>(xi)</sup>	Canada	50
			Popular Point Camp Services <sup>(xi)</sup>	Canada	50
			Clearwater Catering Limited <sup>(ii) (iv)</sup>	Canada	49
			Dene West Limited Partnership <sup>(xi)</sup>	Canada	49
			ESS – DNDK Support Services <sup>(xi)</sup>	Canada	49
			ESS – Duncan's and Paddle Prairie Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS – East Arm Camp Services <sup>(xi)</sup>	Canada	49
			ESS – Kaatodh Camp Services <sup>(ii) (xi)</sup>	Canada	49
			ESS – Loon River Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS – Na Cho Nyak Dun Camp Services <sup>(xi)</sup>	Canada	49
			ESS – Ochapowace Support Services <sup>(xi)</sup>	Canada	49
			ESS – Pessamit Camp Services <sup>(ii) (xi)</sup>	Canada	49
			ESS – Wapan Manawan Services de Soutien <sup>(xi)</sup>	Canada	49
			ESS Duncan's Support Services <sup>(xi)</sup>	Canada	49
			ESS Haisla Support Services <sup>(xi)</sup>	Canada	49
			ESS HLFN Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS KNRA Support Services <sup>(xi)</sup>	Canada	49
			ESS Komatik Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS Liard First Nation Support Services <sup>(xi)</sup>	Canada	49
			ESS McKenzie Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS Okanagan Indian Band Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS Tatakweyak Camp Services <sup>(xi)</sup>	Canada	49
			ESS/Bushmaster Camp Services <sup>(ii) (xi)</sup>	Canada	49
			ESS/Fort a la Corne Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS/McLeod Lake Indian Band Support Services <sup>(ii) (ii)</sup>	Canada	49
			ESS/Mosakahiken Cree Nation Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS/Nuvumiut Support Services <sup>(ii) (xi)</sup>	Canada	49
			ESS/Takla Lake Support Services <sup>(xi)</sup>	Canada	49
			ESS/WEDC Support Services <sup>(xi)</sup>	Canada	49
			First North Catering <sup>(xi)</sup>	Canada	49
			Labrador Catering Inc	Canada	49
			Naskapi Catering Inc <sup>(xi)</sup>	Canada	24
			Shanghai ESS Food Support Services Co Ltd <sup>(ii)</sup>	China	83
			Eurest Føroyar PF	Denmark	51
			Compass Egypt for Hotel & Food Services	Egypt	49.9



## 34 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
Quality Foods LLC	Egypt	50
Sopregim SAS	France	80
Akzente Catering Offenburg GmbH	Germany	74
Klinik Gastronomie Eppendorf GmbH	Germany	49
HEMEDI Catering GmbH <sup>(ii)</sup>	Germany	49
HSW Hausirtschaftsdienste Süd-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 <sup>(ii)</sup>	Malawi	75
Eurest (Malta) Ltd <sup>(ii)</sup>	Malta	51
Eurest Support Services (Mauritius) (Pty) Ltd <sup>(ii)</sup>	Mauritius	75
Eurest Support Services Mozambique Ltda <sup>(ii)</sup>	Mozambique	45
Compass Group International Coöperatief WA <sup>(xi)</sup>	Netherlands	100
Compass Group International Finance CV <sup>(xi)</sup>	Netherlands	100
Forplejningstjenester AS	Norway	33.33
Gress-Gruppen AS	Norway	33.33
Eurest OKAS Catering Ltd <sup>(ii)</sup>	Papua New Guinea	55
Eurest Lotic (PNG) JV Ltd	Papua New Guinea	50
Compass Catering Service (Qatar) WWL	Qatar	20
Compass Arabia	Saudi Arabia	30
Compass Game Park Services (Proprietary) Ltd	South Africa	75
Eurest Support Services Africa (Proprietary) Ltd <sup>(ii)</sup>	South Africa	75
Hlanganani Fidelity Joint Venture (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Likhonyane Cleaning (Proprietary) Ltd	South Africa	75
Lwezi Cleaning (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Macand Enterprises 008 (Proprietary) Ltd <sup>(ii)</sup>	South Africa	75
Ramiweb (Proprietary) Ltd	South Africa	75
Siyeza Cleaning Services (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Siyeza Contract Cleaning Services (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Siyeza Labour Outsourcing Services (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Success Valet & Cleaning Services (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Supercare Financial Services (Pty) Ltd	South Africa	75
Supercare Hygiene (Pty) Ltd	South Africa	75
Supercare Services (Pty) Ltd <sup>(iii) (iv)</sup>	South Africa	75
Supercare Training Solutions (Proprietary) Limited <sup>(ii)</sup>	South Africa	75
Supervision Food Services (Boputhatswana) Pty Ltd <sup>(ii)</sup>	South Africa	75
Supervision Food Services (Gaznkulu) (Pty) Ltd <sup>(ii)</sup>	South Africa	75
Gourmet Prepared Foods (Proprietary) Ltd <sup>(ii)</sup>	South Africa	56
All Leisure Travel (Proprietary) Ltd	South Africa	52
ESS Oil & Gas Support Service Partners (Proprietary) Ltd <sup>(ii)</sup>	South Africa	52
Eurest Support Services Coega (Proprietary) Ltd <sup>(ii)</sup>	South Africa	52
Gourmet Fresh (Pty) Ltd	South Africa	52
Main Street 917 (Proprietary) Ltd	South Africa	41
Comet (Pty) Limited <sup>(ii)</sup>	South Africa	38
Maabokgoro-KSS Catering Services (Proprietary) Ltd <sup>(ii)</sup>	South Africa	38
Women's Sunshine (Pty) Ltd <sup>(ii)</sup>	South Africa	38
Bafokeng Hospitality Services (Pty) Ltd <sup>(ii)</sup>	South Africa	37
KSS Daluxolo Food Services (Proprietary) Ltd	South Africa	37
UJU ESS Services (Pty) Ltd	South Africa	37
Gourmet on Wheels, S.L.	Spain	60
Compass Swaziland (Pty) Limited <sup>(ii)</sup>	Swaziland	75
Dala Måltidsservice AB <sup>(ii)</sup>	Sweden	55
Compass Group Tanzania Ltd <sup>(ii)</sup>	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
Falcon Security Services LLC	UAE	50
Chartwells Hounslow (Feeding Futures) Limited <sup>(iii) (iv)</sup>	United Kingdom	75
Acquire Services Limited <sup>(iii) (iv)</sup>	United Kingdom	57.05
Eat Dot Limited <sup>(iii)</sup>	United Kingdom	57.05
Quadrant Catering Limited <sup>(iii) (iv)</sup>	United Kingdom	49
Edgbaston Experience Limited <sup>(iii) (iv)</sup>	United Kingdom	25
Oval Events Holdings Limited	United Kingdom	25
Oval Events Limited <sup>(iii) (iv) (v) (vi)</sup>	United Kingdom	25
IEC Experience Limited <sup>(iii) (iv)</sup>	United Kingdom	23
Millennium Stadium Experience Limited <sup>(iii) (iv)</sup>	United Kingdom	16.5
Twickenham Experience Limited <sup>(iii) (iv) (v)</sup>	United Kingdom	16
B & I Catering, LLC	USA	90

### OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS

	Country of incorporation or establishment	% Holding
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
Convention Hospitality Partners	USA	80
KIJIK/ESS, LLC	USA	80
110 East Pearson Limited Partnership	USA	69
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/GanaAYoo JV	USA	50
AEG Facilities, LLC	USA	49
ChESS, LLC	USA	49
Thompson Facilities Services LLC	USA	49
Thompson Hospitality Services, LLC	USA	49
WP Casual Catering, LLC	USA	45
Chicago Restaurant Partners, LLC	USA	42
Kimco Facilities Holdings, LLC	USA	20
Kimco Holdings, LLC	USA	20
Eurest Support Services Zambia (Pty) Ltd <sup>(ii)</sup>	Zambia	75
Kagiso Khulani Supervision Zambia Ltd <sup>(ii)</sup>	Zambia	74

### NOTES

- 1 Unless otherwise stated, indirectly owned by Compass Group PLC, active status and ordinary shares issued.
- 2 In some of the jurisdictions in which we operate, share classes are not defined and in these instances, for the purposes of disclosure, we have classified these holdings as 'ordinary'.
- 3 A number of the companies listed are legacy companies which no longer serve any operational purpose.

### CLASSIFICATIONS KEY

- (i) Directly owned by Compass Group PLC
- (ii) Dormant/non-trading
- (iii) A Ordinary shares
- (iv) B Ordinary shares
- (v) C Ordinary shares
- (vi) D 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

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# PARENT COMPANY FINANCIAL STATEMENTS

## **PARENT COMPANY FINANCIAL STATEMENTS**

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# PARENT COMPANY BALANCE SHEET

FOR THE YEAR ENDED 30 SEPTEMBER 2015

COMPASS GROUP PLC	Notes	2015 £m	2014 £m
<b>FIXED ASSETS</b>			
Investments	2	992	985
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	3	10,501	9,830
Debtors: Amounts falling due after more than one year	3	58	50
Cash at bank and in hand		30	118
Current assets		10,589	9,998
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors: Amounts falling due within one year	4	(6,338)	(6,492)
<b>NET CURRENT ASSETS</b>			
Net current assets		4,251	3,506
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Total assets less current liabilities		5,243	4,491
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Creditors: Amounts falling due after more than one year	4	(2,699)	(2,513)
Provisions for liabilities and charges	5	(28)	(28)
<b>NET ASSETS</b>			
<b>Net assets</b>		<b>2,516</b>	<b>1,950</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	8, 9	176	178
Share premium account	9	182	174
Capital redemption reserve	9	295	293
Share-based payment reserve	9	179	170
Profit and loss reserve	9	1,684	1,135
<b>Total equity</b>		<b>2,516</b>	<b>1,950</b>

Approved by the Board of Directors on 24 November 2015 and signed on their behalf by

RICHARD COUSINS, Director

DOMINIC BLAKEMORE, Director

## PARENT COMPANY ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 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 have been prepared in accordance with applicable UK Generally Accepted Accounting Practice (UK GAAP) and the Companies Act 2006 using the historical cost convention modified for the revaluation of certain financial instruments.

These financial statements have been prepared on a going concern basis. This is discussed in the Finance Director's statement on page 30.

### B EXEMPTIONS

The Company's financial statements are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2015. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The Company has also taken advantage of the exemption from presenting a cash flow statement under the terms of FRS 1 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing transactions with other members of Compass Group.

The Compass Group PLC consolidated financial statements for the year ended 30 September 2015 contain financial instrument disclosures which comply with FRS 29 'Financial Instruments: Disclosures'. Consequently, the Company has taken advantage of the exemption in FRS 29 not to present separate financial instrument disclosures for the Company.

### C CHANGE IN ACCOUNTING POLICIES

The Company has not applied any accounting standards for the first time in the year ended 30 September 2015.

FRS 100, 101 and 102 were recently issued by the Financial Reporting Council. FRS 101 (IFRS with reduced disclosures) outlines the reduced disclosure framework available for use by qualifying entities choosing to report under IFRS. The Company plans to apply FRS 101 (IFRS with reduced disclosures) for accounting periods beginning on or after 1 January 2015.

### 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 are 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 financial 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.

### 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 timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets 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 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.

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 24 to the consolidated financial statements.

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

## 1 PROFIT AND LOSS ACCOUNT DISCLOSURES

The Company profit on ordinary activities after tax was £1,333 million (2014: £1,549 million).

The fee for the audit of the Company's annual financial statements was £0.5 million (2014: £0.5 million).

The Company had no direct employees in the course of the year (2014: none).

## 2 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2015 £m	2014 £m
<b>INVESTMENTS IN SUBSIDIARY UNDERTAKINGS</b>		
<b>COST</b>		
At 1 October	986	977
Additions	–	–
Share-based payments to employees of subsidiaries	15	15
Recharged to subsidiaries during the year	(8)	(6)
At 30 September	993	986
<b>PROVISIONS</b>		
At 1 October	1	1
At 30 September	1	1
<b>NET BOOK VALUE</b>		
At 30 September	992	985

The principal subsidiary undertakings are listed in note 34 to the consolidated financial statements.

## 3 DEBTORS

	2015			2014		
	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
<b>DEBTORS</b>						
Amounts owed by subsidiary undertakings	10,480	–	10,480	9,813	–	9,813
Other debtors	1	–	1	1	–	1
Derivative financial instruments (note 7)	19	58	77	16	50	66
Deferred tax	1	–	1	–	–	–
Total	10,501	58	10,559	9,830	50	9,880

### MOVEMENT IN DEFERRED TAX ASSET

	2015 Net short term temporary differences £m	2014 Net short term temporary differences £m
At 1 October	–	–
Credited to profit and loss account	1	–
At 30 September	1	–

The deferred tax asset arises on certain derivative financial instruments and will be recovered no later than the maturity dates of these instruments.

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 4 CREDITORS

	2015			2014		
	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
<b>CREDITORS</b>						
Bank overdrafts	34	–	34	172	–	172
Bank loans	50	251	301	–	300	300
Bank overdrafts and loans (note 6)	84	251	335	172	300	472
Loan notes	107	1,330	1,437	–	1,076	1,076
Bonds	–	1,093	1,093	251	1,136	1,387
Loan notes and bonds (note 6)	107	2,423	2,530	251	2,212	2,463
Derivative financial instruments (note 7)	7	25	32	4	1	5
Accruals and deferred income	49	–	49	60	–	60
Current tax	22	–	22	3	–	3
Amounts owed to subsidiary undertakings	6,069	–	6,069	6,002	–	6,002
<b>Total</b>	<b>6,338</b>	<b>2,699</b>	<b>9,037</b>	<b>6,492</b>	<b>2,513</b>	<b>9,005</b>

The Company has fixed term, fixed interest private placements denominated in US dollar and sterling. The \$100 million 2024 and \$300 million 2026 US dollar private placements were issued during the year.

	Nominal value	Redeemable	Interest	2015 Carrying value £m	2014 Carrying value £m
<b>LOAN NOTES</b>					
US\$ private placement	\$162m	Oct 2015	6.72%	107	102
Sterling private placement	£35m	Oct 2016	7.55%	36	36
US\$ private placement	\$250m	Oct 2018	3.31%	170	157
US\$ private placement	\$200m	Sep 2020	3.09%	132	123
US\$ private placement	\$398m	Oct 2021	3.98%	262	245
US\$ private placement	\$352m	Oct 2023	4.12%	250	223
US\$ private placement	\$100m	Dec 2024	3.54%	66	–
US\$ private placement	\$300m	Sep 2025	3.81%	216	190
US\$ private placement	\$300m	Dec 2026	3.64%	198	–
<b>Total</b>				<b>1,437</b>	<b>1,076</b>

The Company also has sterling and euro denominated Eurobonds.

	Nominal value	Redeemable	Interest	2015 Carrying value £m	2014 Carrying value £m
<b>BONDS</b>					
Sterling Eurobond	£250m	Dec 2014	7.00%	–	251
Euro Eurobond	€600m	Feb 2019	3.13%	458	485
Euro Eurobond	€500m	Jan 2023	1.88%	386	402
Sterling Eurobond	£250m	Jun 2026	3.85%	249	249
<b>Total</b>				<b>1,093</b>	<b>1,387</b>

## 5 PROVISIONS FOR LIABILITIES AND CHARGES

	Legal and other claims £m
<b>PROVISIONS</b>	
At 1 October 2013	28
Charged to profit and loss account	–
At 30 September 2014	28
At 1 October 2014	<b>28</b>
Charged to profit and loss account	–
At 30 September 2015	<b>28</b>

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:

	2015				2014			
	Bank overdrafts and loans (note 4) £m	Loan notes and bonds (note 4) £m	Other <sup>1</sup> (note 7) £m	Total £m	Bank overdrafts and loans (note 4) £m	Loan notes and bonds (note 4) £m	Other <sup>1</sup> (note 7) £m	Total £m
<b>MATURITY</b>								
Between 1 and 2 years	251	36	1	288	50	102	(19)	133
Between 2 and 5 years	–	760	–	760	250	678	(14)	914
In more than 5 years	–	1,627	(34)	1,593	–	1,432	(16)	1,416
In more than 1 year	251	2,423	(33)	2,641	300	2,212	(49)	2,463
Within 1 year, or on demand	84	107	(12)	179	172	251	(12)	411
Total	335	2,530	(45)	2,820	472	2,463	(61)	2,874

1 Other includes the debtor and creditor amounts associated with derivative financial instruments (note 7).

## 7 DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Financial assets (note 3) £m	Financial liabilities (note 4) £m	Financial assets (note 3) £m	Financial liabilities (note 4) £m
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>				
<b>INTEREST RATE SWAPS</b>				
Fair value hedges	60	–	45	–
Not in a hedging relationship	–	(4)	–	(1)
<b>OTHER</b>				
Forward currency contracts and cross currency swaps	17	(28)	21	(4)
Derivative financial instruments	77	(32)	66	(5)

## 8 SHARE CAPITAL

Details of the share capital, share option schemes and share-based payments of Compass Group PLC are shown in notes 23 and 24 to the consolidated financial statements.

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 9 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
<b>CAPITAL AND RESERVES</b>						
At 1 October 2013	180	400	55	162	1,310	2,107
Issue of shares (for cash)	1	6	–	–	–	7
Share issue expenses	–	(2)	–	–	–	(2)
Repurchase of ordinary share capital	(3)	–	3	–	(280)	(280)
B and C shares issued through capitalisation of share premium	235	(235)	–	–	–	–
Redemption and cancellation of B shares	(235)	–	235	–	–	–
Fair value of share-based payments	–	–	–	13	–	13
Release of LTIP award settled by issue of new shares	–	5	–	(5)	–	–
Return of Cash to Compass shareholders	–	–	–	–	(1,000)	(1,000)
Dividends paid to Compass shareholders	–	–	–	–	(444)	(444)
Profit for the financial year	–	–	–	–	1,549	1,549
At 30 September 2014	178	174	293	170	1,135	1,950
At 1 October 2014	<b>178</b>	<b>174</b>	<b>293</b>	<b>170</b>	<b>1,135</b>	<b>1,950</b>
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 share 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	<b>176</b>	<b>182</b>	<b>295</b>	<b>179</b>	<b>1,684</b>	<b>2,516</b>

#### 10 CONTINGENT LIABILITIES

<b>CONTINGENT LIABILITIES</b>	2015 £m	2014 £m
Guarantees and indemnities (including subsidiary undertakings' overdrafts)	<b>387</b>	356

Details regarding certain contingent liabilities which involve the Company are set out in note 28 to the consolidated financial statements.



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# SHAREHOLDER INFORMATION

## SHAREHOLDER INFORMATION

152 Shareholder information

154 Notice of Annual General Meeting

## 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](http://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](http://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](http://www.capitashareportal.com) or write to Capita Asset Services.

### PUBLISHED INFORMATION

If you would like to receive a hard copy of this Report or a copy in an alternative format such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at the Company's registered office. A copy can also be downloaded from our website at [www.compass-group.com/ar15](http://www.compass-group.com/ar15).

### 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](http://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](mailto:shares@capita.co.uk).

**The latest date for receipt of new applications to participate in DRIP in respect of the 2015 final dividend is 28 January 2016.**

### SHARE PRICE INFORMATION

The price of the Company's shares is available on the Company's website at [www.compass-group.com](http://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, Capita Asset Services, 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](http://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](http://www.sharegift.org); telephone within the UK: 020 7930 3737 and from overseas: +44 20 7930 3737, 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](http://www.adrbnymellon.com) using the symbol CMPGY and on the Company's website at [www.compass-group.com](http://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](http://www.mpsonline.org.uk) or request an application form by calling from within the UK: 0845 703 4599 or by email to [mps@dma.org.uk](mailto: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](http://www.compass-group.com) and send it to the registrar or register online at [www.capitashareportal.com](http://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](http://www.fca.org.uk) to see if the person and firm contacting you is 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/scams](http://www.fca.org.uk/scams)
- 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/scams](http://www.fca.org.uk/scams), 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.

## 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 1,024.50 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.*

## ADOPTION OF FINANCIAL REPORTING STANDARD (FRS) 101: REDUCED DISCLOSURE FRAMEWORK

Following the publication of FRS 100 Application of Financial Reporting Requirements by the Financial Reporting Council, Compass Group PLC is required to change its accounting framework for its company financial statements, which is currently UK GAAP, for its financial year commencing 1 October 2015.

The Board considers that it is in the best interests of the Group for Compass Group PLC to adopt FRS 101 Reduced Disclosure Framework. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101.

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 2 February 2016.

## FINANCIAL CALENDAR

### EX-DIVIDEND DATE FOR 2015 FINAL DIVIDEND

21 January 2016

### RECORD DATE FOR 2015 FINAL DIVIDEND

22 January 2016

### 2016 ANNUAL GENERAL MEETING

4 February 2016

### 2015 FINAL DIVIDEND PAYMENT

22 February 2016

### HALF YEAR FINANCIAL RESULTS

11 May 2016\*

### EX-DIVIDEND DATE FOR 2016 INTERIM DIVIDEND

23 June 2016\*

### RECORD DATE FOR 2016 INTERIM DIVIDEND

24 June 2016\*

### 2016 INTERIM DIVIDEND PAYMENT

25 July 2016\*

\* Provisional dates

## 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 fifteenth Annual General Meeting of Compass Group PLC (the Company) will be held in the Live Room, Rugby Football Union, Rugby House, Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex TW2 7BA on Thursday 4 February 2016 at 12 noon in order to transact the following business:**

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 19 to 21 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 2015.
2. To receive and adopt the Directors' Remuneration Report for the financial year ended 30 September 2015.
3. To declare a final dividend of 19.6 pence per ordinary share in respect of the financial year ended 30 September 2015.
4. To elect Nelson Silva as a director of the Company.
5. To elect Johnny Thomson as a director of the Company.
6. To elect Ireena Vittal as a director of the Company.
7. To re-elect Dominic Blakemore as a director of the Company.
8. To re-elect Richard Cousins as a director of the Company.
9. To re-elect Gary Green as a director of the Company.
10. To re-elect Carol Arrowsmith as a director of the Company.
11. To re-elect John Bason as a director of the Company.
12. To re-elect Susan Murray as a director of the Company.
13. To re-elect Don Robert 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. 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:

- 17.1 make donations to political parties or independent election candidates;
- 17.2 make donations to political organisations other than political parties; and
- 17.3 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 17.

18. 18.1 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, 3 May 2017; and for that period the section 551 amount shall be £58,244,125.
- 18.2 In addition, the section 551 amount shall be increased by £58,244,125, 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:
  - 18.2.1 to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - 18.2.2 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

19. To authorise the directors, subject to the passing of Resolution 18 above, 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, 3 May 2017 to disapply pre-emption rights up to an aggregate nominal value of £17,472,812 (which includes the sale on a non pre-emptive basis of any shares held in treasury) representing approximately 10% of the issued ordinary share capital of the Company as at 1 December 2015, being the last practicable date prior to the publication of this Notice and for that period the section 561 amount is £17,472,812.



See this Report and our full Corporate Responsibility Report online at [www.compass-group.com/ar15](http://www.compass-group.com/ar15)

20. 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 10½ pence each in the capital of the Company subject to the following conditions:
- 20.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 164,450,00;
  - 20.2 the minimum price (excluding expenses) which may be paid for each ordinary share is 10½ pence;
  - 20.3 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
  - 20.4 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 3 August 2017, 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).
21. 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

18 December 2015

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 2015.

### 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 59 to 77 of the 2015 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 2016 AGM. A copy of the Remuneration Policy in force is set out on pages 62 to 68 of the 2015 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 2015 will be paid on 22 February 2016 to shareholders on the register at the close of business on 22 January 2016, 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 40 and 41 of the 2015 Annual Report.

In line with the provisions of the Company's Articles of Association, Nelson Silva, Johnny Thomson and Ireena Vittal who were appointed by the Board since the date of the last AGM, will submit himself/herself for election by shareholders. Details of their appointments are given on page 44.

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 himself/herself for annual re-election by shareholders.

Having conducted an evaluation during the year, it is the view of 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.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### RESOLUTION 17 – 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 2017 (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 18 – DIRECTORS' AUTHORITY TO ALLOT SHARES

The purpose of Resolution 18 is to renew the directors' power to allot shares. Resolution 18.1 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 £58,244,125. This represents 548,180,000 ordinary shares of 10½ 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 2015 (being the last practicable date prior to the publication of this Notice). The Company currently holds 12,228,519 shares in treasury. The authority would, unless previously renewed, revoked or varied by shareholders, remain in force up to the conclusion of the AGM of the Company to be held in 2017 (2017 AGM), or 3 May 2017, whichever is earlier.

In accordance with the Investment Association Share Capital Management Guidelines (the Guidelines), Resolution 18.2 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 £58,224,125 (representing 548,180,000 ordinary shares of 10½ pence each). Such additional authority will be valid until the conclusion of the 2017 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 18 is equal to approximately two thirds of the issued ordinary share capital of the Company as at 1 December 2015, being the last practicable date prior to publication of this Notice.

*Resolutions 1 to 18 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.*

### RESOLUTION 19 – 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.

Resolution 19 seeks to replace the authority conferred on the directors at the 2015 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 10% 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.

The proposed 10% authority reflects the new Statement of Principles on pre-emption rights issued earlier this year by the Pre-emption Group (the Principles) which are supported by the Investment Association and the Pensions and Lifetime Savings Association. In addition to the routine 5% authority previously permitted, the new Principles now grant the Company the ability to seek authority over a further 5% of the issued ordinary share capital on a pre-emptive basis, 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 19 would be limited to a maximum nominal amount of £17,472,812.

This represents 164,450,000 ordinary shares of 10½ 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 2015 (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 2017 or on 3 May 2017, 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 either of the authorities sought by Resolutions 18 and 19, 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 20 – 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 164,450,000 shares (just under 10% of the issued ordinary share capital as at 1 December 2015, 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 share 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 be used to satisfy the Company's obligations under the Company's employee equity incentive schemes.

On 27 November 2013, the Company announced its intention to commence a £500 million share repurchase programme, to be executed over the 12 month period to the end of 2014. The programme was temporarily suspended following the announcement on 14 May 2014 of the £1 billion Return of Cash to shareholders and associated Share Capital Consolidation until after completion of this transaction on 29 July 2014. The £500 million share repurchase programme recommenced on 31 July 2014 and completed on 10 August 2015.

On 30 September 2015, the Company announced its intention to repurchase up to a maximum of 8 million shares during the close period from 1 October 2015 to the date of this Report.

As at 1 December 2015 (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 20,646,200 shares which represent 1.25% 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 1.38% of the Company's issued ordinary share capital (excluding treasury shares).

#### **RESOLUTION 21 – 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 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 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 19 to 21 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](http://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](http://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 2 February 2016.

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 2 February 2016. 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.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

(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 6.00pm on Tuesday 2 February 2016 or, in the event that the Meeting is adjourned, in the Register of Members 48 hours 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 6.00pm on Tuesday 2 February 2016 or, in the event that the Meeting is adjourned, less than 48 hours 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 23 December 2015, 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 and the Register of Directors' Interests 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 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 2015 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprised 1,644,548,863 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 2015 were 1,644,548,863 (excluding treasury shares).

### INFORMATION AVAILABLE ON WEBSITE

The following information is available on the Company's website at [www.compass-group.com](http://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 18 December 2015.



## 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 below 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](http://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 2015 so that you can refer to them at the AGM. 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

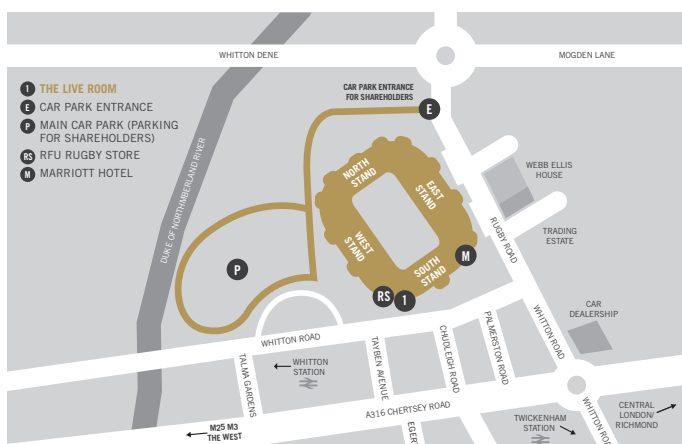
All shareholders or their proxies will have the opportunity to ask questions at the AGM. When invited by the Chairman, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. A question 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 proposes 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 cameras and 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 28 January 2016.

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 2015 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 2015 Annual Report and this Notice are available at [www.compass-group.com/ar15](http://www.compass-group.com/ar15).

## GLOSSARY OF TERMS

Constant currency	Restates the prior year results to 2015's average exchange rates.
Underlying revenue	The combined sales of Group and share of equity accounted joint ventures.
Underlying operating profit	Includes share of profit after tax of associates and profit before tax of joint ventures but excludes some specific adjusting items.
Underlying operating margin	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
Underlying profit before tax	Excludes specific adjusting items.
Underlying effective tax rate	Based on underlying tax charge and underlying profit before tax.
Underlying basic earnings per share	Excludes specific adjusting items and the tax attributable to those items.
Underlying free cash flow	Adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.
Underlying cash tax rate	Based on underlying cash tax and underlying profit before tax.
Underlying gross capex	Includes Group and share of equity accounted joint ventures' capex spend.
Organic revenue growth	Calculated by adjusting for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both years) and exchange rate movements (translating the prior year at current year exchange rates) and compares the current year results against the prior year.
Specific adjusting items	<ul style="list-style-type: none"><li>• amortisation of intangibles arising on acquisition</li><li>• acquisition transaction costs</li><li>• adjustment to contingent consideration on acquisition</li><li>• tax on share of profit of joint ventures</li><li>• (loss)/profit on disposal of US businesses</li><li>• hedge accounting ineffectiveness</li></ul>
Underlying net finance cost	Excludes hedge accounting ineffectiveness.
Underlying tax	Excludes tax attributable to specific adjusting items.
Organic operating profit growth	Calculated by adjusting operating profit for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both years) and exchange rate movements (translating the prior year at current year exchange rates) and compares the current year results against the prior year.
EM & OR restructuring	Emerging Markets and Offshore & Remote restructuring.
Emerging Markets	Fast Growing & Emerging region, excluding Australia.

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## 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 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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