COMPASS GROUP FINANCE NETHERLANDS B.V.

Registered office: Laarderhoogtweg 11, 1101 DZ Amsterdam

Registration number: 71916970

ANNUAL REPORT FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018

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DIRECTORS' REPORT

The Board of Directors of Compass Group Finance Netherlands B.V. (the "Company") hereby presents its financial statements for the financial period as from 19 June 2018 up to and including 30 September 2018 (the "financial period").

GENERAL INFORMATION

The Company's business objectives are providing financial support to other companies within a group of companies referred to as the "Compass Group". Compass Group PLC, a company incorporated in England and Wales and listed on the London Stock Exchange, is the ultimate parent company of the Compass Group. In undertaking its decisions, the outcome of the decision for the Company as well as the outcome for Compass Group as a whole is taken into account. The Company is a wholly owned subsidiary of Compass Group International B.V., a company incorporated in the Netherlands.

FINANCIAL INFORMATION

In the financial period ended 30 September 2018 the Company was added as an issuer to the Euro Medium Term Note programme (the "programme") maintained by Compass Group PLC and Compass Group International B.V., and subsequently also issued notes thereunder. The proceeds received by the Company from noteholders under the programme were lent to Compass Group PLC under an inter-company loan with the intention that any interest received from such loan is used by the Company to fund payments due to noteholders. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme. Following the inclusion of the Company in the programme and the subsequent issuance of notes thereunder by the Company, the Company is an issuer of debt securities admitted to the Official List of the UK Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange. In relation to the programme notes, the Company is therefore required to comply with, among others, certain obligations imposed by the Market Abuse Regulation (2014/596/EU) and the UK Listing Rules and Disclosure Guidance and Transparency Rules made under section 73A of the UK Financial Services and Markets Act 2000 to the extent applicable to the issuers of debt securities.

Income statement review

Net finance income was €147 thousand. The net finance income consists of the margin between interest received on the inter-company loan to Compass Group PLC in amount of €1,279 thousand and the interest payable toward the noteholders in amount of €1,132 thousand.

Profit before tax was €96 thousand.

Balance sheet review

The Company finances its assets mainly by equity from its shareholders and funds from external bond holders. The Company matches the maturity of its financial assets to the maturity of its financial liabilities.

On 19 July 2018, the Company was added as an issuer to the programme. On 5 September 2018 the Company issued €500m 1.5% guaranteed notes due 2028 ("2028 Notes") under the programme. The proceeds received by the Company from noteholders under the programme were lent to Compass Group PLC under an inter-company loan with the intention that any interest received from such loan is used by the Company to fund payments due to noteholders. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme.

On 6 September 2018, the Company substituted Compass Group International B.V. as an issuer of €750m 0.625% guaranteed notes due 2024 ("2024 Notes") under the programme, which were originally issued by Compass Group International B.V. on 3 July 2017. In connection with this substitution, Compass Group International B.V. also assigned to the Company the inter-company loan with Compass Group PLC relating to the 2024 Notes. The assignment of this inter-company loan and the substitution of the 2024 Notes were done with reference to their fair value amount (including accrued interest) of approximately €744,079 thousand and €743,962 thousand respectively. Both amounts were offset against each other and a contribution in kind of non-stipulated share premium without the issue of new shares by Compass Group International B.V. in the Company was agreed for the net difference of €117 thousand. It is the Company's intention that any interest received on the inter-company loan that was assigned to the Company, is used by the Company to fund payments due to holders of the 2024 Notes. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of the 2024 Notes. After the substitution of the 2024 Notes and the assignment of the related inter-company loan, both are measured by the Company at amortised cost.

Cash flow review

The Company has received the proceeds from the programme in cash for a net amount of €495,640 thousand and provided the inter-company loan receivable to Compass Group PLC for €495,640 thousand.

SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

DIRECTORS' REPORT CONTINUED

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

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

- Regulatory and political environment: The Company currently operates in the Netherlands and the United Kingdom. Together with management of Compass Group PLC we monitor the developments in these countries and regions and consult with them to take appropriate actions where possible.
- Information technology and infrastructure: The Company relies on a variety of IT systems in order to maintain the Company's financial and legal records. The Company has appropriate disaster recovery plans in place.
- Tax risk: In an increasingly complex international tax environment, a degree of uncertainty is inevitable in estimating our tax liabilities. The Company is part of the fiscal unity for corporate income tax purposes, where Compass Group International B.V. acts as the head of the fiscal unity. The corporate income tax for all entities included in the fiscal unity is accounted for by the head of the fiscal unity and is not charged to the entities included in the fiscal unity. The Company is jointly and severally liable for all income tax debts of the fiscal unity.

CORPORATE RESPONSIBILITY

As a financing company the effect of any actions of the Company with regards to corporate responsibility is limited.

PERSONNEL-RELATED INFORMATION

The Board of Directors consists of one male and one female director, which results in a male/female ratio above 30%. The Company had no employees during the financial period.

RESEARCH AND DEVELOPMENT

As a financing company, there were no research and development activities by the Company throughout the period.

INFORMATION REGARDING FINANCIAL INSTRUMENTS

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

Liquidity risk

The Company finances its operations through borrowings from a number of sources including the public markets as well as borrowing from the Company's related parties and share capital and share premium from its parent company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

The Company matches the maturity of its financial assets to the maturity of its financial liabilities.

Foreign currency risk

The Company's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. Currently the Company only has euro denominated assets and liabilities. Notes 3 and 8 of the Financial Statements disclose information on the currencies of receivables and borrowings.

Interest rate risk

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

The Company does not enter into derivative and/or hedge contracts and does not apply hedge accounting.

Credit risk

The maximum exposure to credit risk resulting from financial activities is limited to the amounts which are not subject to the guarantee issued by Compass Group PLC relating to the bond note as described above. The Company's maximum exposure to credit risk resulting from financial activities is equal to the carrying value of the Company financial assets.

The credit risk faced by the Company is mitigated by the guarantee in place from Compass Group PLC, who unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme.

Further information on the risks of the Company is included in the note 8 of the Financial Statements.

Counterparty credit risk

The Company is subject to a counterparty credit risk because it is reliant on the receipt of payments under inter-company loans with Compass Group PLC in order to satisfy any payment obligations under the programme notes, as described above. The principal risks and uncertainties facing the business of Compass Group PLC are described in the annual report of Compass Group PLC, which can be obtained on www.compass-group.com.

DIRECTORS’ REPORT CONTINUED

CONTROL FRAMEWORK FOR FINANCIAL REPORTING

The Company uses standard financial reporting software for preparing its financial statements. Further, all fair value valuations in the financial reports are prepared by the Compass Group valuation team and reviewed by the Company’s management.

CORPORATE GOVERNANCE

Based on EU law the Company is considered to be a Public Interest Entity (in Dutch “Organisatie van Openbaar Belang” or “OOB”) as it has issued financial instruments which are admitted to trading on the London Stock Exchange.

Based on article 2 of the EC directive 2006/43/EC Implementation Decree of 26 July 2008 (the “Royal Decree”) concerning audit of annual accounts, the Company has to comply with certain parts of the Dutch Corporate Governance Code related to audit committees. However, the Company is not required to set up an audit committee. The Company benefits from the exception granted in Article 3a of this Royal Decree, which stipulates that the Royal Decree is not applicable for consolidated companies in cases where the parent company has instituted an audit committee.

As at 30 September 2018, the parent company of the Company, being Compass Group PLC, had an audit committee in place. Therefore, the board of Compass Group PLC is ultimately responsible for the oversight of the Company in respect of, and to monitors compliance by the Company with, the Dutch Corporate Governance Code. Accordingly, the tasks of the board include the monitoring of the process of the financial reporting, the internal control system and the monitoring of the audit of the Financial Statements.

Compliance with the Dutch Corporate Governance Code

As per article 2 of the Royal Decree the Company has to comply with articles III 5.4 subs a, b, c, f, article III 5.7 and principles V.2 and V.4 of the Dutch Corporate Governance Code. Article III 5.4 describes the duties of the “audit committee”. Article III 5.7 determines that at least one of the members should be a financial expert as described in article III 3.2. The principles V2 and V4 concern the relation between the audit committee and the external auditor. The Directors confirmed that the Company is in compliance with all mentioned articles and no issues have been noted during the reporting period.

INFORMATION REGARDING SOCIAL ASPECTS OF OPERATING THE BUSINESS

As a financing company, the Company has only limited impact on social aspects.

REMUNERATION OF MANAGING AND SUPERVISORY DIRECTORS

The Board of Directors receives no remuneration from the Company.

INFORMATION CONCERNING APPLICATION OF CODE OF CONDUCT

The Company remains committed to the highest standards of business conduct and expects all of its board members to act accordingly. The Compass Group Speak Up policy (which is an extension of the Code of Ethics, now incorporated within the Compass Group’s Code of Business Conduct, which is available on the Compass Group PLC website: www.compass-group.com) sets out arrangements for the receipt, in confidence, of complaints on accounting, risk issues, internal controls, auditing issues and related matters which would, as appropriate, be reported to the Compass Group PLC Audit Committee. This process is managed centrally by the group headquarters. No incidents have been reported through, or as a result of, this process to the Company’s management team.

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

FUTURE DEVELOPMENTS

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

As the Company is a financing company within the Compass Group, the assets consist principally of their loans to related parties. The ability to satisfy any liabilities is dependent upon the Company’s receipt of interest payments from its financing activities with related parties. Furthermore, the Company has guarantees in place as noted under the credit risk paragraph above. As a result of the guarantees being in place, the Board of Directors believes that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Additional risks and uncertainties not presently known to management, or deemed to be less material at the date of the report, may also have an adverse effect on the Company.

Our expectations for the fiscal year ending 30 September 2019 are positive with a continuing commitment to return surplus cash to the shareholders whilst maintaining an efficient balance sheet. There are at present no plans to change the current financing structure.

MANAGEMENT STATEMENT

The financial statements give a true and fair view of the assets and liabilities, the financial position and the profit or loss. The directors’ report provides a true and fair view and the significant risks and uncertainties to which the Company is exposed have been described.

OTHER INFORMATION

We confirm that the Board of Directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to give its audit opinion.

Amsterdam, 6 March 2019

The Board of Directors:

P.N. Frans

H.A.M. Troost-Bosboom

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

COMPASS GROUP FINANCE NETHERLANDS B.V.	NOTES	2018 €'000
NON-CURRENT ASSETS		
Receivables from Group undertakings	3	**1,239,120**
Non-current assets		**1,239,120**
CURRENT ASSETS		
Receivables from Group undertakings	3	**1,877**
Other receivables		**170**
Cash and cash equivalents	4	**2,005**
Current assets		**4,052**
Total assets		**1,243,172**
CURRENT LIABILITIES		
Bond note interest payable		**(1,690)**
Payables to Group undertakings		**(175)**
Trade and other payables		**(51)**
Current liabilities		**(1,916)**
NON-CURRENT LIABILITIES		
Payables to Group undertakings	3	**(5)**
Long term borrowings	7	**(1,239,038)**
Non-current liabilities		**(1,239,043)**
Total liabilities		**(1,240,959)**
Net assets		**2,213**
EQUITY		
Share capital	5	**2,000**
Share premium account		**117**
Retained earnings		**96**
Total equity		**2,213**

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018

COMPASS GROUP FINANCE NETHERLANDS B.V.	NOTES	TOTAL 2018 €'000
Finance income	8	**1,279**
Finance costs	8	**(1,132)**
Operating costs		**(51)**
Operating result		**96**
Other costs		**-**
Profit before tax		**96**
Income tax expense	2	**-**
Profit for the period		**96**
Other comprehensive income		-
Total comprehensive income for the period		**96**
ATTRIBUTABLE TO		
Equity shareholders of the Company		**96**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018

COMPASS GROUP FINANCE NETHERLANDS B.V.

		Attributable to equity shareholders of the Company			
	NOTES	SHARE CAPITAL €'000	SHARE PREMIUM ACCOUNT €'000	RETAINED EARNINGS €'000	TOTAL €'000
At 19 June 2018		**2,000**	**-**	**-**	**2,000**
Profit for the period		**-**	**-**	**96**	**96**
Total comprehensive (loss)/income for the period		**-**	**-**	**96**	**96**
Increase in share premium by shareholder	**5**	**-**	**117**	**-**	**117**
At 30 September 2018		**2,000**	**117**	**96**	**2,213**

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018

COMPASS GROUP FINANCE NETHERLANDS B.V.	NOTES	2018 €'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit		**96**
Adjustment for:		
Net financial (income) / expenses		**(147)**
Change in trade and other payables		**51**
Net cash from operating activities		**-**
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in receivables – related parties		**(495,640)**
Interest received		**-**
Net cash used in investing activities		**(495,640)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from the programme		**495,640**
Increase in borrowings – related parties		**5**
Proceeds from share issuance		**2,000**
Net cash used in financing activities		**497,645**
CASH AND CASH EQUIVALENTS		
Net increase / (decrease) in cash and cash equivalents		**2,005**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at end of the period	4	**2,005**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018

INTRODUCTION

Compass Group Finance Netherlands B.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Laarderhoogtweg 11, 1101 DZ Amsterdam. The Company is registered at the Chamber of Commerce in Amsterdam under registration number 71916970. The main activities of the Company are that of a financing company involved in providing financing to members of the Compass Group ("Group undertakings").

The Company is an issuer of debt securities admitted to the Official List of the UK Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange. In relation to such debt securities, the Company is required to comply with, among others, certain obligations imposed by the Market Abuse Regulation (2014/596/EU) and the UK Listing Rules and Disclosure Guidance and Transparency Rules made under section 73A of the UK Financial Services and Markets Act 2000 to the extent applicable to the issuers of debt securities.

These financial statements cover the financial period from 19 June 2018 up to and including 30 September 2018. The Company has been incorporated on 19 June 2018. According to the Articles of Association, the first financial year of the Company shall run up to and including 30 September 2018.

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

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION

The separate financial statements (hereafter "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and in accordance with Article 362 sub 9 of Part 9 of Book 2 of the Netherlands Civil Code. The financial statements were authorised by the Board of Directors on 6 March 2019 for issue.

These are the Company's first financial statements prepared in accordance with EU-IFRS and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied as a part of the transition to EU-IFRS. This is the first financial year of the Company which started on the date of incorporation, 19 June 2018, and ended 30 September 2018 as determined in the Articles of Association of the Company. There are no relevant previous Dutch GAAP financial statements from which the Company is transitioning. Accordingly, no reconciliations between the first EU-IFRS financial statements and the previous Dutch GAAP financial statements are included.

The financial statements have been prepared on a going concern basis. As the Company is a financing company within the Compass Group, the assets consist principally of the Company's loans to related parties. The ability to satisfy any liabilities is dependent upon the Company's receipt of interest payments from its financing activities with related parties. Furthermore, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the Euro Medium Term Note (the "programme") maintained by Compass Group PLC, Compass Group International B.V. and the Company. Following these guarantees and the expectations that the Company will continue to be supported by the Compass Group, the Board of Directors believes that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

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

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

RELATED PARTY BALANCES

An impairment loss is recognised when the carrying amount of an asset or group of assets relating to the same debtor exceeds its recoverable amount.

The Company recognises loss allowances for expected credit losses ('ECLs') on related parties balances measured at amortised cost. The Company measures loss allowances at an amount equal to ECLs occurring in the next twelve months, except where the credit risk of a related party balance has increased significantly since initial recognition. In this event, the company will measure the loss allowance as an amount equal to the lifetime ECL for the related parties balances.

C FOREIGN CURRENCY

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

D INCOME TAX

The Company is a member of a fiscal unity for corporate income tax purposes. Its parent company, Compass Group International B.V. is the head of the fiscal unity. The corporate income tax for all entities included in the fiscal unity is accounted for by the head of the fiscal unity and is not charged to the entities included in the fiscal unity. The Company is jointly and severally liable for all income tax debts of the fiscal unity.

E FINANCIAL INSTRUMENTS

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

On initial recognition, financial assets and liabilities are classified in accordance with IFRS 9. Financial assets and liabilities are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets and liabilities, in which case all affected financial assets and are reclassified on the first day of the first reporting period following the change in the business model.

The Company initially recognises loans and receivables issued on the date that they are originated. All other financial assets and liabilities are recognised initially on the trade date. A financial asset or liability (unless a trade receivable or payable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Currently, all financial assets and liabilities are measured at amortised cost. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method, reduced by impairment losses. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to ECLs occurring in the next twelve months, except where the credit risk of a financial asset has increased significantly since initial recognition. In this event, the company will measure the loss allowance as an amount equal to the lifetime ECL for the financial asset.

MEASUREMENT OF FAIR VALUES

A number of the Company's disclosures require the measurement of fair values for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The Compass Group's valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of EU-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the note 8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

F FINANCE INCOME AND FINANCE COSTS

The Company's finance income and finance costs include:

- interest income;
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

G STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have no impact on the Company's financial statements in the period of initial application.

<u>Other standards</u>

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

As the aforementioned amended standards and interpretations are not expected to have a significant impact on the Company's financial statements, the estimated impact is not further disclosed, quantitatively and/or qualitatively.

H SHARE CAPITAL

Ordinary shares

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

1 EMTN PROGRAMME

On 19 July 2018, the Company was added as an issuer to the programme. On 5 September 2018 the Company issued €500m 1.5% guaranteed notes due 2028 ("2028 Notes") under the programme. The proceeds received by the Company from noteholders under the programme were lent to Compass Group PLC under an inter-company loan with the intention that any interest received from such loan is used by the Company to fund payments due to noteholders. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme.

Substitution

On 6 September 2018, the Company substituted Compass Group International B.V. as an issuer of the 2024 Notes under the programme, which were originally issued by Compass Group International B.V. on 3 July 2017. In connection with this substitution, Compass Group International B.V. also assigned to the Company the inter-company loan with Compass Group PLC relating to the 2024 Notes. The assignment of this inter-company loan and the substitution of the 2024 Notes were done with reference to their fair value amount (including accrued interest) of approximately €744,079 thousand and €743,962 thousand respectively. Both amounts were offset against each other and a contribution in kind of non-stipulated share premium without the issue of new shares by Compass Group International B.V. in the Company was agreed for the net difference of €117 thousand. It is the Company's intention that any interest received on the inter-company loan that was assigned to the Company, is used by the Company to fund payments due to holders of the 2024 Notes. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of the 2024 Notes. After the substitution of the 2024 Notes and the assignment of the related inter-company loan, both are measured by the Company at amortised cost.

2 INCOME TAXES

The Company is a member of a fiscal unity for corporate income tax purposes. Its parent company, Compass Group International B.V. is the head of the fiscal unity. The corporate income tax for all entities included in the fiscal unity is accounted for by the head of the fiscal unity and is not charged to the entities included in the fiscal unity. The Company is jointly and severally liable for all income tax debts of the fiscal unity.

3 RELATED PARTY BALANCES AND TRANSACTIONS

30 SEPTEMBER 2018	RECEIVABLES			PAYABLES		
	CURRENT €'000	NON-CURRENT €'000	TOTAL €'000	CURRENT €'000	NON-CURRENT €'000	TOTAL €'000
GROUP UNDERTAKINGS						
Loans	**-**	**1,239,120**	**1,239,120**	**-**	**(5)**	**(5)**
Trading accounts	**-**	**-**	**-**	**(175)**	**-**	**(175)**
Accrued interest	**1,877**	**-**	**1,877**	**-**	**-**	**-**
	1,877	**1,239,120**	**1,240,997**	**(175)**	**(5)**	**(180)**

RECEIVABLES FROM GROUP UNDERTAKINGS ANALYSED BY CURRENCY (EXCLUDING ACCRUED INTEREST)	REDEEMABLE	INTEREST	2018 CARRYING VALUE €'000
FIXED RATES OF INTEREST			
Euro	2047-2048	0.725%-1.6%	**1,239,120**
			1,239,120
FLOATING RATES OF INTEREST			
Euro			-
			-
TOTAL BY CURRENCY			
Euro			**1,239,120**
			1,239,120

The Euro inter-company receivables have a maturity date of 2047-2048. In accordance with the loan agreement, the inter-company loans can be repaid earlier in line with the repayment date of the related notes issued under the programme. The Company may elect to demand repayment of the €750m loan (in full or in part) on 3 July 2024 and thereafter every seven years on the anniversary of this date and the repayment of the €500m loan (in full or in part) on 5 September 2028 and thereafter every ten years on the anniversary of this date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

3 RELATED PARTY BALANCES AND TRANSACTIONS CONTINUED

PAYABLES TO GROUP UNDERTAKINGS ANALYSED BY CURRENCY (EXCLUDING ACCRUED INTEREST)	REDEEMABLE	INTEREST	2018 CARRYING VALUE €'000
FIXED RATES OF INTEREST			
Euro			-
			-
FLOATING RATES OF INTEREST			
Euro	2023	3M Euribor	**(5)**
			(5)
TOTAL BY CURRENCY			
Euro			**(5)**
			(5)

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 8.

4 CASH AND CASH EQUIVALENTS

	2018 €'000
Cash at bank and in hand	**2,005**
Cash and cash equivalents	**2,005**

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

5 CAPITAL AND RESERVES

Share capital

Ordinary shares

The Company's authorised ordinary share capital consists of ordinary shares with a nominal value each of €1 (one euro). As at 30 September 2018 2,000,000 ordinary shares were issued and fully paid up. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

On 6 September 2018, the Company substituted Compass Group International B.V. as an issuer of the 2024 Notes under the programme, which were originally issued by Compass Group International B.V. on 3 July 2017. In connection with this substitution, Compass Group International B.V. also assigned to the Company the inter-company loan with Compass Group PLC relating to the 2024 Notes. The assignment of this inter-company loan and the substitution of the 2024 Notes were done with reference to their fair value amount (including accrued interest) of approximately €744,079 thousand and €743,962 thousand respectively. Both amounts were offset against each other and a contribution in kind of non-stipulated share premium without the issue of new shares by Compass Group International B.V. in the Company was agreed for the net difference of €117 thousand.

Proposal for profit appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the profit after tax for the financial period ended 30 September 2018: an amount of €96 thousand to be added to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

6 CAPITAL MANAGEMENT

The Board of Directors' policy is to match the maturity of its financial assets to the maturity of its financial liabilities.

For capital management purposes, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents. The adjusted net debt to equity ratio is evaluated by the Board of Directors. Above a certain level, net debt should be guaranteed for repayment in order to maintain an acceptable level of credit risk.

The Company's adjusted net debt to equity ratio at 30 September 2018 was as follows:

	2018 €'000
Total liabilities	**1,240,959**
Less: cash and cash equivalents	**(2,005)**
Adjusted net debt	**1,238,954**
Equity	**2,213**
Adjusted net debt to equity ratio	**559.85**

7 LOANS AND BORROWINGS

NON-CURRENT LIABILITIES	2018 €'000
Programme notes	**1,239,038**
Total	**1,239,038**

TERMS AND REPAYMENT SCHEDULE	REDEEMABLE	INTEREST	2018 CARRYING VALUE €'000	2018 FAIR VALUE €'000
2024 Notes	Jul 2024	0.625%	**743,369**	**736,483**
2028 Notes	Sep 2028	1.50%	**495,669**	**494,307**
			1,239,038	**1,230,790**

On 19 July 2018, the Company was added as an issuer to the programme. On 5 September 2018 the Company issued the 2028 Notes. The proceeds received by the Company from noteholders under the programme were lent to Compass Group PLC under an inter-company loan with the intention that any interest received from such loan is used by the Company to fund payments due to noteholders. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of notes issued by it under the programme.

On 6 September 2018, the Company substituted Compass Group International B.V. as an issuer of the 2024 Notes under the programme, which were originally issued by Compass Group International B.V. on 3 July 2017. In connection with this substitution, Compass Group International B.V. also assigned to the Company the inter-company loan with Compass Group PLC relating to the 2024 Notes. The assignment of this inter-company loan and the substitution of the 2024 Notes were done with reference to their fair value amount (including accrued interest) of approximately €744,079 thousand and €743,962 thousand respectively. Both amounts were offset against each other and a contribution in kind of non-stipulated share premium without the issue of new shares by Compass Group International B.V. in the Company was agreed for the net difference of €117 thousand. It is the Company's intention that any interest received on the inter-company loan that was assigned to the Company, is used by the Company to fund payments due to holders of the 2024 Notes. Under the terms of the programme, Compass Group PLC unconditionally and irrevocably guarantees any amounts due by the Company in respect of the 2024 Notes. After the substitution of the 2024 Notes and the assignment of the related inter-company loan, both are measured by the Company at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

8 FINANCIAL INSTRUMENTS

Accounting classifications and fair values

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

	CARRYING VALUE			FAIR VALUE	
30 SEPTEMBER 2018	**LOANS AND RECEIVABLES**	**OTHER FINANCIAL LIABILITIES VENTURES**	**TOTAL**	FAIR VALUE	TOTAL
	€'000	**€'000**	**€'000**	€'000	€'000
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE					
Receivables from Group undertakings at fixed rates	**1,239,120**	**-**	**1,239,120**	1,230,862	1,230,862
Receivables from Group undertakings	**1,877**	**-**	**1,877**	1,877	1,877
Other receivables	**170**	**-**	**170**	170	170
Cash and cash equivalents	**2,005**	**-**	**2,005**	2,005	2,005
	1,243,172	**-**	**1,243,172**	1,234,914	1,234,914
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE					
Programme notes at fixed rate	**-**	**(1,239,038)**	**(1,239,038)**	(1,230,790)	(1,230,790)
Programme notes interest payable	**-**	**(1,690)**	**(1,690)**	(1,690)	(1,690)
Payables to Group undertakings	**-**	**(175)**	**(175)**	(175)	(175)
Other payables	**-**	**(51)**	**(51)**	(51)	(51)
Payables to Group undertakings at variable rates	**-**	**(5)**	**(5)**	(5)	(5)
	-	**(1,240,959)**	**(1,240,959)**	(1,232,711)	(1,232,711)

All fair value calculations are determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13 Fair Value measurement, except for the Bond note at fixed rate, which is determined by Level 1 inputs.

CAPITAL RISK MANAGEMENT

The Company manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of cash and cash equivalents as disclosed in note 4; debt, which includes the borrowings disclosed in note 7; and equity attributable to equity shareholders of the Company, comprising issued share capital, share premium and retained earnings as disclosed in the statement of changes in equity.

FINANCIAL MANAGEMENT

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

LIQUIDITY RISK

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

The Company finances its operations through borrowings from a number of sources including the public markets as well as borrowing from Group undertakings.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

8 FINANCIAL INSTRUMENTS CONTINUED

Exposure to liquidity risk

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

FINANCIAL ASSETS	2018 LESS THAN 1 YEAR €'000	BETWEEN 1 AND 2 YEARS €'000	BETWEEN 2 AND 3 YEARS €'000	BETWEEN 3 AND 4 YEARS €'000	BETWEEN 4 AND 5 YEARS €'000	OVER 5 YEARS €'000	TOTAL €'000
FIXED INTEREST							
Receivables from Group undertakings	-	-	-	-	-	1,239,120	1,239,120
Fixed interest asset	-	-	-	-	-	1,239,120	1,239,120
FLOATING INTEREST							
Cash and cash equivalents	2,005	-	-	-	-	-	2,005
Floating interest asset	2,005	-	-	-	-	-	2,005
OTHER							
Receivables from Group undertakings	1,877	-	-	-	-	-	1,877
Other receivables	170	-	-	-	-	-	170
Other assets	2,047	-	-	-	-	-	2,047
Total financial assets	4,052	-	-	-	-	1,239,120	1,243,172

PRINCIPAL AND INTEREST MATURITY	2018 LESS THAN 1 YEAR €'000	BETWEEN 1 AND 2 YEARS €'000	BETWEEN 2 AND 3 YEARS €'000	BETWEEN 3 AND 4 YEARS €'000	BETWEEN 4 AND 5 YEARS €'000	OVER 5 YEARS €'000	TOTAL €'000
Total financial assets	4,052	-	-	-	-	1,239,120	1,243,172
Add: fees and premium capitalised on issuance	-	-	-	-	-	10,880	10,880
Less: cash and cash equivalents and other assets	(4,052)	-	-	-	-	-	(4,052)
Repayment of principal	-	-	-	-	-	1,250,000	1,250,000
Interest cash flows on receivables	13,438	13,438	13,438	13,438	13,438	43,659	110,849
Repayment of principal and interest	13,438	13,438	13,438	13,438	13,438	1,293,659	1,360,849

FINANCIAL LIABILITIES	2018 LESS THAN 1 YEAR €'000	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 3 YEARS	BETWEEN 3 AND 4 YEARS	BETWEEN 4 AND 5 YEARS €'000	OVER 5 YEARS €'000	TOTAL €'000
FIXED INTEREST							
2024 Notes	-	-	-	-	-	(743,369)	(743,369)
2028 Notes	-	-	-	-	-	(495,669)	(495,669)
Fixed interest liability	-	-	-	-	-	(1,239,038)	(1,239,038)
FLOATING INTEREST							
Payables to Group undertakings	-	-	-	-	(5)	-	(5)
Floating interest liability	-	-	-	-	(5)	-	(5)
OTHER							
Programme notes interest payable	(1,690)	-	-	-	-	-	(1,690)
Short term liabilities	(226)	-	-	-	-	-	(226)
Other liability	(1,916)	-	-	-	-	-	(226)
Total financial liabilities	(1,916)	-	-	-	(5)	(1,239,038)	(1,240,959)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

8 FINANCIAL INSTRUMENTS CONTINUED

	2018						
PRINCIPAL AND INTEREST MATURITY	**LESS THAN 1 YEAR €'000**	**BETWEEN 1 AND 2 YEARS**	**BETWEEN 2 AND 3 YEARS**	**BETWEEN 3 AND 4 YEARS**	**BETWEEN 4 AND 5 YEARS €'000**	**OVER 5 YEARS €'000**	**TOTAL €'000**
Total financial liabilities	**(1,916)**	**-**	**-**	**-**	**(5)**	**(1,239,038)**	**(1,240,959)**
Add: fees and premium capitalised on issuance	**-**	**-**	**-**	**-**	**-**	**(10,962)**	**(10,962)**
Less: Overdrafts and other liabilities	**1,916**	**-**	**-**	**-**	**-**	**-**	**1,916**
Repayment of principal	**-**	**-**	**-**	**-**	**(5)**	**(1,250,000)**	**(1,250,005)**
Interest cash flows on debt	**(12,188)**	**(12,188)**	**(12,188)**	**(12,188)**	**(12,188)**	**(40,618)**	**(101,558)**
Repayment of principal and interest	**(12,188)**	**(12,188)**	**(12,188)**	**(12,188)**	**(12,193)**	**(1,290,618)**	**(1,351,563)**

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial assets and liabilities held for risk management purposes and which usually are not closed out before contractual maturity. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

FOREIGN CURRENCY RISK

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

Exposure to currency risk

Currently, the Company only has assets and liabilities denominated in euros. Therefore the Company is not subject to any currency risk.

INTEREST RATE RISK

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

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

	2018 €'000
FIXED RATE INSTRUMENTS	
Receivables from Group undertakings	**1,239,120**
Programme notes	**(1,239,038)**
Loans and borrowings payable to Group undertakings	**-**
	82
VARIABLE RATE INSTRUMENTS	
Loans and borrowings payable to Group undertakings	**(5)**
	(5)

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Company's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be nil over the course of a year, regardless of direction. A similar 1% decrease in interest rates would result in the same effect over the course of a year.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

8 FINANCIAL INSTRUMENTS CONTINUED

Cash flow sensitivity analysis for variable rate instruments

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

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from Group undertakings. The Company has recognised the full amount of credit losses that would be expected to be incurred over the full recovery period of the receivables at the date of the initial recognition of the receivables.

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

	2018 €'000
Non-current receivables from Group undertakings	**1,239,120**
Current receivables from Group undertakings	**1,877**
Other receivables	**170**
Cash and cash equivalents	**2,005**
Total	**1,243,172**

Loans and receivables

The Company granted loans to Group undertakings of €1,239,120 thousand as at 30 September 2018. These Group undertakings are located in Europe.

Cash and cash equivalents

The Company held cash and cash equivalents of €2,005 thousand at 30 September 2018. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A- to A based on rating agency Standard & Poor ratings.

MARKET RISK

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

9 RECONCILIATION OF CASH FLOWS ARISING FROM FINANCING ACTIVITIES TO MOVEMENT IN LIABILITIES

The table below is presented as additional information to show movement in liabilities and their related cash flows:

	2018 €'000
Total liabilities at 19 June 2018	**-**
Total liabilities at 30 September 2018	**(1,240,959)**
Movement in liabilities	**1,240,959**
NON-CASH MOVEMENTS	
Transfer of 2024 Notes from Compass Group International B.V.	**(743,127)**
Transfer of accrued interest from Compass Group International B.V.	**(835)**
Unpaid interest expenses	**(855)**
Amortisation of programme notes	**(271)**
Other non-cash movements	**(226)**
Total non-cash movements	**(745,314)**
CASH FLOWS ARISING FROM FINANCING ACTIVITIES	
For the year ended 30 September 2018	**495,645**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 19 JUNE 2018 UP TO AND INCLUDING 30 SEPTEMBER 2018 CONTINUED

10 RELATED PARTIES

PARENT AND ULTIMATE CONTROLLING PARTY

The Company's direct parent is Compass Group International B.V., a company incorporated in the Netherlands. The ultimate parent of the Company is Compass Group PLC, a company incorporated in England and Wales and listed on the London Stock Exchange.

TRANSACTIONS

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

As disclosed in the financial statements, and more specifically in Note 1, balances and transactions exist with related parties. Main transactions are disclosed in note 3 to the financial statements.

11 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

12 CONTINGENT LIABILITIES

FISCAL UNITY OBLIGATIONS

The Company is a member of a fiscal unity for corporate income tax purposes. Its parent company, Compass Group International B.V. is the head of the fiscal unity. The corporate income tax for all entities included in the fiscal unity is accounted for by the head of the fiscal unity and is not charged to the entities included in the fiscal unity. The Company is jointly and severally liable for all income tax debts of the fiscal unity.

The Company constitutes a tax entity with Compass Group International B.V., Compass Group International Coöperatief W.A., Compass Group International Coöperatief 2 W.A., Compass Group International Coöperatief 3 W.A. and Compass Group Vending Holding B.V. for value added tax purposes; the standard conditions prescribe that all companies of the tax entity are liable for all value added tax payable.

13 FEES OF THE AUDITOR

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

14 EMOLUMENTS OF DIRECTORS

The emoluments for managing directors, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in respect of the period ended 30 September 2018 to the Company, are nil.

Approved by the Board of Directors on 6 March 2019 and signed on its behalf by

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

OTHER INFORMATION

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

In accordance with article 18 of the Company's Articles of Association, the result is at the disposal of the General Meeting of Shareholders, only if the loss of previous years which is not covered by a reserve, is fully absorbed.

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

AUDITOR'S REPORT

The Independent Auditor's Report is presented on page 21 to 25 of the annual report.

Independent auditor's report

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

Report on the audit of the financial statements for the period from 19 June 2018 up to and including 30 September 2018 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Compass Group Finance Netherlands B.V. (the Company) as at 30 September 2018 and of its result and its cash flows for the period from 19 June 2018 up to and including 30 September 2018, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2018 of Compass Group Finance Netherlands B.V. based in Amsterdam.

The financial statements comprise:

1. the statement of financial position as at 30 September 2018;
2. the following statements for the period from 19 June 2018 up to and including 30 September 2018: the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Audit approach

Summary

Materiality
— Materiality of EUR 9.9 million — 0.8% of Total assets

Key audit matter
Recoverability of receivables from group undertakings

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 9.9 million. The materiality is determined with reference to a benchmark of Total Assets of which it represents 0.8%. We consider Total Assets as the most appropriate benchmark due to the finance nature of the company.

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

We agreed with the Board of Directors and the Audit Committee that unadjusted misstatements in excess of EUR 0.5 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors and the Audit Committee. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter is addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recoverability of receivables from group undertakings

Description

The carrying amount of the Company's receivables from group undertakings represent 99.8% of the Company's Total Assets.

We do consider the recoverability of receivables from group undertakings having a significant risk of a material misstatement, or to be subject to a significant level of judgement due to its materiality in the context of the financial statements as a whole. This is considered to be the area which had the higher risk of a material misstatement compared to other areas and therefore the greatest effect on our overall audit strategy and allocation of resources in planning and completing our financial statement audit.

Our response

- **Control design:** Evaluating the design and implementation of the Company's monitoring controls for assessing the recoverable amounts of receivables from group undertakings;
- **Test of details**: We performed an assessment of indication of possible impairment of the borrower (a triggering event). In this respect we, amongst others, analyzed audited financial information of these undertakings, being Compass Group Plc, had discussions with their auditors and evaluated the repayment behaviour of these undertakings.
- **Our sector experience**: Assessing the directors' assumptions over the recoverability of receivables from group undertakings against our own knowledge of the trading performance and financial position of the relevant counterparty.

Our observation

We found management's assessment of the recoverability of receivables from group undertakings to be acceptable.

Report on the other information included in the annual report

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

— the Directors' report;

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Compass Group Finance Netherlands B.V. on 2 November 2018, as of the audit for the first financial period ended 30 September 2018.

No prohibited non-audit services

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

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Audit Committee for the financial statements

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

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

Amstelveen, 6 March 2019

KPMG Accountants N.V.

C.A. Bakker RA