Full year results announcement for the year ended 30 September 2015

Strong performance delivering growth and returns to shareholders

	Underlying[1]	Year on year change[2]	Reported
Revenue	£17.8 billion	+5.8%[3]	£17.6 billion
Operating profit before restructuring	£1,322 million	+6.7%	-
Operating margin before restructuring	7.3%	+10bps	-
Operating profit after restructuring	£1,296 million	+4.6%	£1,261 million
Operating margin after restructuring	7.2%	-	7.1%
Earnings per share	53.7 pence	+11.0%	52.3 pence
Free cash flow	£722 million	-2.0%	£686 million
Full year dividend per share	29.4 pence	+10.9%	-

[1] Full details of the underlying column can be found on page 62.
[2] Measured on a constant currency basis, with the exception of free cash flow and full year dividend.
[3] Organic revenue growth.

Excellent organic revenue growth of 5.8%

- Another strong year in North America with sales up 7.9%
- Accelerating growth in Europe & Japan - revenue up nearly 3% in H2 and 1.9% in the year
- Emerging markets growth of 11% more than offsets weakness in Australia

Underlying margin progress of 10bps before restructuring costs

- The Management and Performance (MAP) programme continues to drive operating efficiencies
- Restructuring plan announced in July on track to deliver the expected savings

Growth, performance and returns to shareholders: a proven and sustainable model

- Proposed full year dividend up 10.9%, in line with constant currency EPS growth
- Remain committed to ongoing returns to shareholders with £328 million of share buybacks in 2015
- Expectations for 2016 are positive and unchanged

Chief Executive's Statement

Richard Cousins, Group Chief Executive, said:

"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 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."

Enquiries

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Chief Executive's Statement (continued)

Group overview

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.

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.

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.

Returns to shareholders continue 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.

Chief Executive's Statement (continued)

Regional performances

North America – 52.5% Group revenue (2014: 48.1%)

	Underlying		Change		
Regional financial summary	**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%	-		

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.

Chief Executive's Statement (continued)

Europe & Japan – 30.7% Group revenue (2014: 33.5%)

Regional financial summary	Underlying 2015	Underlying 2014	Change Reported	Change Constant currency	Change Organic
Revenue	**£5,469m**	£5,716m	(4.3)%	2.0%	1.9%
Operating profit	**£397m**	£409m	(2.9)%	3.7%	3.7%
Operating margin	**7.3%**	7.2%	10bps		

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 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%.

Chief Executive's Statement (continued)

Fast Growing & Emerging – 16.8% Group revenue (2014: 18.4%)

Regional financial summary (Before EM & OR restructuring costs)	Underlying 2015	2014	Change 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%	-		

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 EM & OR 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 Nestle, 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 CAMEAT 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.

Chief Executive's Statement (continued)

Strategy

Focused on food

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.

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.

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.

Chief Executive's Statement (continued)

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.

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).

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.

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 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

Richard Cousins
Group Chief Executive
24 November 2015

Business Review

Financial summary

	2015	2014	Increase / (Decrease)
Continuing operations			
Revenue			
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%	
Total operating profit			
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%	
Operating margin			
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%	-
Profit before tax			
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%
Basic earnings per share			
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%
Free cash flow			
Underlying	**£722m**	£737m	(2.0)%
Reported	**£686m**	£679m	1.0%
Total Group including discontinued operations			
Basic earnings per share	**52.3p**	49.0p	6.7%
Full year dividend per ordinary share	**29.4p**	26.5p	10.9%

Business Review (continued)

Segmental performance

	Underlying revenue		Underlying revenue growth		
	2015	2014		Constant	
	£m	£m	Reported	Currency	Organic
Continuing operations					
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	2014	**2015**	2014
	£m	£m	**%**	%
Continuing operations				
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		

1 Unless stated otherwise the data shown on pages 1 – 13 relates to the continuing business only.
2 Definitions of underlying measures of performance can be found in the glossary on page 62.

Business Review (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%.

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.

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%.

	Attributable Profit		Basic Earnings per Share		
	2015	2014	**2015**	2014	Change
	£m	£m	**pence**	pence	%
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%

Business Review (continued)

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 CAMEAT 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).

Business Review (continued)

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 the Annual Report. 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).

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 14 to 17.

Shareholder return

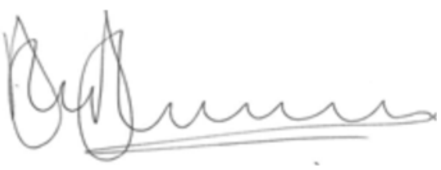
The market price of the Group’s ordinary shares at the close of the financial year was 1053.00 pence per share (2014: 996.50 pence per share).

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.



Dominic Blakemore
Group Finance Director
24 November 2015

Focus on Risk

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 below sets out the principal risks and uncertainties facing the business at the date of this Announcement. 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 Announcement 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 Statements may be found in the Strategic Report, within the 2015 Annual Report.

The Group faces a number of operational risks on an ongoing basis such as litigation and financial (including liquidity and credit) risk and some wider risks, for example, environmental and reputational. Additionally, there are risks (such as those relating to the eurozone economy, pensions, and acquisitions and investments) which vary in importance depending on changing conditions. All risks disclosed in previous years can be found in the Annual Reports available on our website at www.compass-group.com. We recognise that these risks remain important to the business and they are kept under review. However, we have focused the disclosures on pages 14 to 17 on those risks that are currently considered to be more significant to the Group.

Change in risk key

INCREASED RISK DECREASED RISK CONSISTENT RISK

Risk	Description	Examples of Mitigation
Health and safety (consistent risk)	Health and safety is our number one operational priority. We are focused on protecting people's wellbeing, as well as avoiding serious business interruption and potential damage to our reputation. Compass feeds millions of consumers and employs thousands of people around the world every day. Therefore setting the highest standards for food hygiene and safety is paramount.	All management meetings throughout the Group feature a health and safety update as their first agenda item. Health and safety improvement KPIs are included in the annual bonus plans for each of the business' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. The safety and quality of our global supply chain are assured through compliance against a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity.

Focus on Risk (continued)

Risk	Description	Examples of Mitigation
Clients and Consumers		
Client and consumer sales and retention	Our business relies on securing and retaining a diverse range of clients.	We have strategies which strengthen our long term relationships with our clients and consumers based on quality, value and innovation. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.
Bidding	Each year, the Group could bid for a large number of opportunities.	A rigorous tender review process is in place, which includes a critical assessment of contracts to identify potential risks (including social and ethical risks) and rewards, prior to approval at an appropriate level in the organisation.
Service delivery and contractual compliance	The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to loss of business.	Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.
Competition	We operate in a highly competitive marketplace. The level of concentration and outsource penetration varies by country and by sector. Some markets are relatively concentrated with two or three key players, others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to minimise this by continuing to promote our differentiated propositions and focusing on our points of strength, such as flexibility in our cost base, quality and value of service and innovation.

Focus on Risk (continued)

Risk	Description	Examples of Mitigation
People		
Recruitment	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses due to a lack of industry experience amongst candidates and appropriately qualified people, and the seasonal nature of some of our business.	The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation and through offering training and development programmes.
Retention and motivation	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group.	The Group has established training, development, performance management and reward programmes to retain, develop and motivate our best people. The Group has a well-established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.
Economic and political environment		
Economy	Some sectors of our business could be susceptible to adverse changes in economic conditions and employment levels.	With the variable and flexible nature of our cost base, it is generally possible to contain the impact of these adverse conditions.
Cost inflation	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 through continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients.
Political stability	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.

Focus on Risk (continued)

Risk	Description	Examples of Mitigation
Compliance and fraud		
Compliance and fraud	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.	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. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Regulation and compliance risk is also considered as part of our annual business planning process.
Tax compliance	As a Group, we seek to plan and manage our tax affairs efficiently in the jurisdictions in which we operate. In doing so, we act in compliance with the relevant laws and disclosure requirements. However, in an increasingly complex international corporate tax environment, a degree of uncertainty is inevitable and we note in particular the policy efforts being led by the EU and the OECD which may have a material impact on the taxation of all international businesses.	We manage and control these risks in a proactive manner and in doing so exercise our judgement and seek appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.
Information systems and technology		
Information systems and technology	The digital world creates many risks for a global business including technology failures, loss of confidential data and damage to brand reputation.	We seek to assess and manage the maturity of our enterprise risk and security infrastructure and our ability to effectively defend against current and future cyber risks by using analysis tools and experienced professionals to evaluate and mitigate potential impacts. The Group relies on a variety of IT systems in order to manage and deliver services and communicate with our clients, consumers, suppliers and employees. We are focused on the need to maximise the effectiveness of our information systems and technology as a business enabler and to reduce both cost and exposure as a result.

Compass Group PLC
Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	Total 2015 £m	Total 2014 Restated[1] £m
CONTINUING OPERATIONS			
Combined sales of Group and share of equity accounted joint ventures	1	**17,843**	17,058
Less: share of sales of equity accounted joint ventures		**(253)**	(204)
Revenue		**17,590**	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)**	-
Operating profit before joint ventures and associates		**1,222**	1,184
Share of profit after tax of joint ventures and associates	1,12	**39**	30
Operating profit	1	**1,261**	1,214
Underlying operating profit[2]	1	**1,296**	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
Profit before tax		**1,159**	1,144
Income tax expense	5	**(282)**	(276)
Profit for the year from continuing operations	1	**877**	868
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	6	**-**	3
CONTINUING AND DISCONTINUED OPERATIONS			
Profit for the year		**877**	871
ATTRIBUTABLE TO			
Equity shareholders of the Company	7	**869**	865
Non-controlling interests		**8**	6
Profit for the year		**877**	871
BASIC EARNINGS PER SHARE (PENCE)			
From continuing operations	7	**52.3p**	48.8p
From discontinued operations	7	**-**	0.2p
From continuing and discontinued operations	7	**52.3p**	49.0p
DILUTED EARNINGS PER SHARE (PENCE)			
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 IFRS11, 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.

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £m	2014 Restated[1] £m
Profit for the year		**877**	871
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
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
		88	(6)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(92)**	(103)
		(92)	(103)
Total other comprehensive loss for the year		**(4)**	(109)
Total comprehensive income for the year		**873**	762
ATTRIBUTABLE TO			
Equity shareholders of the Company		**865**	756
Non-controlling interests		**8**	6
Total comprehensive income for the year		**873**	762

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11.

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 October 2014	**178**	**174**	**293**	**(1)**	**4,277**	**(3,082)**	**9**	**1,848**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**869**	**8**	**877**
Other comprehensive income								
Currency translation differences	-	-	-	-	(92)	-	-	(92)
Remeasurement of post-employment benefit obligations - loss	-	-	-	-	-	(37)	-	(37)
Return on plan assets, excluding interest income - gain	-	-	-	-	-	145	-	145
Tax on items relating to the components of other comprehensive income	-	-	-	-	(1)	(19)	-	(20)
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**(93)**	**89**	**-**	**(4)**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**(93)**	**958**	**8**	**873**
Issue of shares (for cash)	-	2	-	-	-	-	-	2
Fair value of share-based payments	-	-	-	-	15	-	-	15
Tax on items taken directly to equity (note 5)	-	-	-	-	-	2	-	2
Share buyback [1]	(2)	-	2	-	-	(328)	-	(328)
Receipts from 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.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Adjustment for MI put options reserve £m	Total other reserves £m
At 1 October 2014	**170**	**4,170**	**7**	**(70)**	**-**	**4,277**
Other comprehensive income						
Currency translation differences	-	-	-	(92)	-	(92)
Tax on items relating to the components of other comprehensive income (note 5)	-	-	-	(1)	-	(1)
Total other comprehensive loss	**-**	**-**	**-**	**(93)**	**-**	**(93)**
Fair value of share-based payments	15	-	-	-	-	15
Release of LTIP award settled by issue of new shares	(6)	-	-	-	-	(6)
Other changes	-	-	-	2	(6)	(4)
At 30 September 2015	**179**	**4,170**	**7**	**(161)**	**(6)**	**4,189**

Own shares held by the Group represent 27,799 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.

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings Restated[1] £m	Non-controlling interests £m	Total Restated[1] £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 [2]	(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 IFRS11.
2 Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
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	-	-	-	(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

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2015

	Notes	2015 £m	2014 Restated [1] £m
NON-CURRENT ASSETS			
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
Non-current assets		**5,984**	5,853
CURRENT ASSETS			
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
Current assets		**2,763**	2,790
Total assets		**8,747**	8,643
CURRENT LIABILITIES			
Short term borrowings[2]**	18	**(247)**	(315)
Derivative financial instruments**	19	**(7)**	(4)
Provisions	21	**(136)**	(161)
Current tax liabilities*		**(169)**	(148)
Trade and other payables[2]	20	**(3,157)**	(3,077)
Current liabilities		**(3,716)**	(3,705)
NON-CURRENT LIABILITIES			
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)
Non-current liabilities		**(3,081)**	(3,090)
Total liabilities		**(6,797)**	(6,795)
Net assets		**1,950**	1,848
EQUITY			
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)
Total equity shareholders' funds		**1,937**	1,839
Non-controlling interests		**13**	9
Total equity		**1,950**	1,848

* Component of current and deferred taxes. ** Component of net debt.
[1] 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.
[2] 2014 has been restated to reflect a reclassification between other payables and short term borrowings.

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

RICHARD COUSINS, Director
DOMINIC BLAKEMORE, Director

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £m	2014 Restated [1] £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	26	**1,476**	1,417
Interest paid		**(96)**	(77)
Tax received		**19**	24
Tax paid		**(261)**	(266)
Net cash from operating activities		**1,138**	1,098
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associated undertakings[2]		**(89)**	(176)
Proceeds from sale of subsidiary companies and associated undertakings - discontinued activities[2]	6	**-**	(1)
Proceeds from sale of subsidiary companies and associated undertakings - continuing activities[2]		**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[3]		**(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
Net cash used in investing activities		**(532)**	(531)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary share capital		**2**	5
Purchase of own shares[4]		**(328)**	(280)
Receipts from issue of Treasury shares to satisfy employee share scheme awards exercised		**1**	-
Increase in borrowings[5]	27	**334**	671
Repayment of loan notes[5]	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)
Net cash used in financing activities		**(709)**	(1,130)
CASH AND CASH EQUIVALENTS			
Net decrease in cash and cash equivalents	27	**(103)**	(563)
Cash and cash equivalents at beginning of the year	27	**408**	987
Currency translation losses on cash and cash equivalents	27	**(22)**	(16)
Cash and cash equivalents at end of the year	27	**283**	408

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, 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.

Compass Group PLC
Consolidated Financial Statements (continued)

RECONCILIATION OF FREE CASH FLOW FROM CONTINUING OPERATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 £m	2014 Restated [1] £m
Net cash from operating activities of continuing operations	**1,138**	1,098
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)
Free cash flow from continuing operations	**686**	679
Add back: Europe & Japan cash restructuring costs in the year	**36**	58
Underlying free cash flow	**722**	737

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11.

Compass Group PLC
Consolidated Financial Statements (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The financial information included within this announcement has been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted for use in the European Union (EU), and in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. The financial information set out below does not constitute the Company's statutory accounts for the years ended 30 September 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's Annual General Meeting. The Auditor has reported on those accounts; its Reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying its Report and did not contain statements under s498(2) or (3) Companies Act 2006.

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.

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

	Sectors					
REVENUE [1]	Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	Total £m
YEAR ENDED 30 SEPTEMBER 2015						
Combined sales of Group and share of equity accounted joint ventures[2]	**6,743**	**3,139**	**3,847**	**2,138**	**1,976**	**17,843**
YEAR ENDED 30 SEPTEMBER 2014						
Combined sales of Group and share of equity accounted joint ventures[2]	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).

Compass Group PLC
Consolidated Financial Statements (continued)

1 SEGMENTAL REPORTING CONTINUED

RESULT	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
	Geographical segments				
YEAR ENDED 30 SEPTEMBER 2015					
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 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**
Underlying operating profit before Emerging Markets and Offshore & Remote restructuring	**768**	**402**	**218**	**(66)**	**1,322**
Less: Emerging Markets and Offshore & Remote restructuring[1]	**-**	**-**	**(21)**	**(5)**	**(26)**
Underlying operating profit[2]	**768**	**402**	**197**	**(71)**	**1,296**
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)**
Total operating profit - continuing	**746**	**396**	**190**	**(71)**	**1,261**
Loss on disposal of US business					**(1)**
Finance income					**3**
Finance costs					**(107)**
Other financing items					**3**
Profit before tax					**1,159**
Income tax expense					**(282)**
Profit for the year from continuing operations					**877**

RESULT	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
	Geographical segments				
YEAR ENDED 30 SEPTEMBER 2014[3]					
Underlying operating profit before joint ventures and associates	666	406	205	(65)	1,212
Add: Share of profit of joint ventures	-	3	21	-	24
Underlying operating profit before associates	666	409	226	(65)	1,236
Add: Share of profit before tax of associates	6	3	-	-	9
Underlying operating profit[2]	**672**	**412**	**226**	**(65)**	**1,245**
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)	-	-
Total operating profit - continuing	**659**	**405**	**215**	**(65)**	**1,214**
Profit on disposal of US businesses					1
Profit on disposal of interest in associates					13
Finance income					5
Finance costs					(91)
Other financings items					2
Profit before tax					**1,144**
Income tax expense					(276)
Profit for the year from continuing operations					**868**

1 The Group has incurred charges resulting from the restructuring and 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 IFRS11, as detailed in note 15

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2 OPERATING COSTS

OPERATING COSTS[2]	Total 2015 £m	Total 2014 Restated [1] £m
Cost of food and materials:		
Cost of inventories consumed	**5,219**	5,027
Labour costs:		
Employee remuneration (note 3)	**7,959**	7,720
Overheads:		
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	**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**	-
Total continuing operations	**16,368**	15,670

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.
2 Operating costs excludes costs relating to Emerging Markets and Offshore & Remote restructuring, which comprise £17 million employee remuneration, £2 million depreciation owned property, plant and equipment, £1 million property lease rentals and £6 million other expenses (2014: £nil).

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3 EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2015 Number	2014 Restated [1] Number
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

AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS	2015 [2] £m	2014 Restated [3] £m
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 IFRS11.

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4 FINANCE INCOME, COSTS AND RELATED (GAINS)/LOSSES

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

FINANCE INCOME AND COSTS	2015 £m	2014 £m
FINANCE INCOME		
Bank interest	**3**	5
Total finance income	**3**	5
FINANCE COST		
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
ANALYSIS OF FINANCE COSTS BY DEFINED IAS 39[1] CATEGORY		
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 in the 2015 Annual Report, such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

FAIR VALUE MEASUREMENT

All derivative financial instruments are shown at fair value in the balance sheet. All the derivatives held by the Group at fair value are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurement'. The fair values of derivative financial instruments represent the maximum credit exposure.

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

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5 TAX

RECOGNISED IN THE INCOME STATEMENT:	2015	2014 Restated [1]
INCOME TAX EXPENSE ON CONTINUING OPERATIONS	£m	£m
CURRENT TAX		
Current year	**284**	269
Adjustment in respect of prior years	**(24)**	1
Current tax expense	**260**	270
DEFERRED TAX		
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
TOTAL INCOME TAX		
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 IFRS11, 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 of 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 [1] £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

TAX (CHARGED)/CREDITED TO OTHER COMPREHENSIVE INCOME	2015 £m	2014 £m
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

Tax credited to equity	2015 £m	2014 £m
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 IFRS11, as detailed in note 15.

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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[1] £m
At 1 October 2013	9	(183)	136	21	64	180	227
Credit/(charge) to income	4	(7)	7	1	3	(14)	(6)
(Charge)/credit 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[1]	13	(191)	136	21	67	161	207
At 1 October 2014	**13**	**(191)**	**136**	**21**	**67**	**161**	**207**
(Charge)/credit to income	**(4)**	**(13)**	**3**	**1**	**(1)**	**(8)**	**(22)**
Charge to equity/other comprehensive income	**-**	**-**	**(28)**	**-**	**-**	**(3)**	**(31)**
Business acquisitions	**-**	**(4)**	**-**	**-**	**-**	**1**	**(3)**
Other movements	**-**	**(1)**	**-**	**1**	**-**	**(1)**	**(1)**
Exchange adjustment	**(2)**	**1**	**7**	**(2)**	**5**	**(5)**	**4**
At 30 September 2015	**7**	**(208)**	**118**	**21**	**71**	**145**	**154**

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, 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.

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6 DISCONTINUED OPERATIONS

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

FINANCIAL PERFORMANCE OF DISCONTINUED OPERATIONS	2015 £m	2014 £m
TRADING ACTIVITIES OF DISCONTINUED OPERATIONS		
Operating costs	-	-
Loss before tax	-	-
Income tax credit	-	3
Profit after tax	-	3
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	-	3

INCOME TAX FROM DISCONTINUED OPERATIONS	2015 £m	2014 £m
INCOME TAX ON TRADING ACTIVITIES OF DISCONTINUED OPERATIONS AND ON DISPOSAL OF NET ASSETS AND OTHER ADJUSTMENTS RELATING TO DISCONTINUED OPERATIONS		
Current tax	-	3
Deferred tax	-	-
Income tax credit on discontinued operations	-	3

Net assets disposed and disposal proceeds	2015 £m	2014 £m
Decrease in retained liabilities[1]	-	(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.

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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.

ATTRIBUTABLE PROFIT	**2015 Attributable profit £m**	2014 Attributable profit £m
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)
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

AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)	**2015 Ordinary shares of 10 5/8p each millions**	2014 Ordinary shares of 10 5/8p each millions
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

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7 EARNINGS PER SHARE CONTINUED

	2015	2014
	Earnings per share pence	Earnings per share pence
BASIC EARNINGS PER SHARE (PENCE)		
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

DILUTED EARNINGS PER SHARE (PENCE)		
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 Corrections 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

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8 DIVIDENDS

A final dividend in respect of 2015 of 19.6 pence per share, £323 million in aggregate[1], 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 ON ORDINARY SHARES	Dividends per share pence	£m	Dividends per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
Final 2013 - 16.0p per share	-	-	16.0p	287
Interim 2014 - 8.8p per share	-	-	8.8p	157
Final 2014 - 17.7p per share	**17.7p**	**295**	-	-
Interim 2015 - 9.8p per share	**9.8p**	**162**	-	-
Total dividends	**27.5p**	**457**	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.

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

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.

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9 GOODWILL CONTINUED

GOODWILL BY BUSINESS SEGMENT	2015 £m	2014 Restated[1] £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	**3,538**	3,528

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, 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 the 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%.

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10 OTHER INTANGIBLE ASSETS

	Computer software £m	Contract and other intangibles[1] Arising on acquisition £m	Other £m	Total £m
COST				
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	**232**	**473**	**973**	**1,678**
Additions	**31**	**-**	**191**	**222**
Disposals	**(3)**	**-**	**(85)**	**(88)**
Business acquisitions	**-**	**62**	**-**	**62**
Business disposals	**-**	**(1)**	**-**	**(1)**
Reclassified	**-**	**(1)**	**2**	**1**
Currency adjustment	**(6)**	**(12)**	**47**	**29**
At 30 September 2015	**254**	**521**	**1,128**	**1,903**
AMORTISATION				
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	**167**	**84**	**417**	**668**
Charge for the year	**21**	**26**	**126**	**173**
Disposals	**(2)**	**-**	**(75)**	**(77)**
Reclassified	**-**	**(1)**	**-**	**(1)**
Currency adjustment	**(2)**	**(6)**	**18**	**10**
At 30 September 2015	**184**	**103**	**486**	**773**
NET BOOK VALUE				
At 30 September 2014	65	389	556	1,010
At 30 September 2015	**70**	**418**	**642**	**1,130**

1 Contract related intangible assets, other than those arising on acquisition, result from payments made by the Group in respect of client contracts and generally arise where it is economically more efficient for a client to purchase assets used in the performance of the contract and the Group fund these purchases. The intangible assets arising on acquisition are all contract related.

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11 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
COST				
At 1 October 2013	358	1,015	531	1,904
Additions[1]	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[2]	356	1,038	544	1,938
At 1 October 2014	**356**	**1,038**	**544**	**1,938**
Additions[1]	**13**	**171**	**89**	**273**
Disposals	**(21)**	**(104)**	**(40)**	**(165)**
Business disposals - other activities	**-**	**(1)**	**-**	**(1)**
Business acquisitions	**2**	**2**	**2**	**6**
Reclassified	**(1)**	**9**	**(1)**	**7**
Currency adjustment	**(10)**	**(15)**	**(29)**	**(54)**
At 30 September 2015	**339**	**1,100**	**565**	**2,004**
DEPRECIATION				
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[2]	175	682	357	1,214
At 1 October 2014	**175**	**682**	**357**	**1,214**
Charge for the year	**21**	**118**	**54**	**193**
Disposals	**(18)**	**(92)**	**(35)**	**(145)**
Business disposals - other activities	**-**	**(1)**	**-**	**(1)**
Reclassified	**-**	**4**	**-**	**4**
Currency adjustment	**(1)**	**(7)**	**(17)**	**(25)**
At 30 September 2015	**177**	**704**	**359**	**1,240**
NET BOOK VALUE				
At 30 September 2014[2]	181	356	187	724
At 30 September 2015	**162**	**396**	**206**	**764**

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

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

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 IFRS11, as detailed in note 15.

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12 EQUITY ACCOUNTED INVESTMENTS

Significant interests in associates are:

	Country of incorporation	2015 ownership[1]	2014 ownership[1]
Twickenham Experience Ltd[2]	England & Wales	**16%**	16%
Oval Events Limited[3]	England & Wales	**25%**	25%
AEG Facilities, LLC[4]	USA	**49%**	49%
Thompson Hospitality Services LLC[4]	USA	**49%**	49%

1 % ownership is of the ordinary share capital.
2 Financial statements applied using the equity method relate to the year ended 30 June, rolled forward to 30 September. 2014 has been restated to correctly reflect ownership %.
3 Financial statements applied using the equity method relate to the year ended 31 January, rolled forward to 30 September.
4 Financial statements applied using the equity method relate to the year ended 31 December of the prior year, rolled forward to 30 September.

Significant interests in joint ventures are:

	Country of incorporation	2015 ownership[1]	2014 ownership[1]
Quadrant Catering Ltd[2]	England & Wales	**49%**	49%
ADNH-Compass Middle East LLC	United Arab Emirates	**50%**	50%
Express Support Services Limitada[2,3]	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 these joint ventures.

INTERESTS IN ASSOCIATES AND JOINT VENTURES	2015 £m	2014 Restated[1] £m
NET BOOK VALUE		
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

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.

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12 EQUITY ACCOUNTED INVESTMENTS CONTINUED

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

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

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.
2 Expenses include the relevant portion of income tax recorded by associates and joint ventures.

13 OTHER INVESTMENTS

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

1 Categorised as 'available for sale' financial assets (IAS 39).
2 Life insurance policies used by overseas companies to meet the cost of unfunded post-employment benefit obligations as set out in note 22.
3 As per the fair value hierarchies explained in note 19, other investments are Level 1 and the life insurance policies are Level 2.

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14 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	2015 Current £m	2015 Non-current £m	2015 Total £m	2014 Restated[1] Current £m	2014 Restated[1] Non-current £m	2014 Restated[1] Total £m
NET BOOK VALUE						
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
COMPRISED OF						
Trade receivables	**1,627**	**-**	**1,627**	1,762	-	1,762
Less: Provision for impairment of trade receivables	**(57)**	**-**	**(57)**	(75)	-	(75)
Net trade receivables[2]	**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[2]	**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 IFRS11, 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).

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14 TRADE AND OTHER RECEIVABLES CONTINUED

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

TRADE RECEIVABLES	2015 Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Gross trade receivables	**1,294**	**260**	**29**	**12**	**32**	**1,627**
Less: Provision for impairment of trade receivables	**(2)**	**(9)**	**(9)**	**(10)**	**(27)**	**(57)**
Net trade receivables	**1,292**	**251**	**20**	**2**	**5**	**1,570**

TRADE RECEIVABLES	2014 Restated[1] Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Gross trade receivables	1,415	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

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.

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

PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2015 Trade £m	2015 Other £m	2015 Total £m	2014 Trade £m	2014 Other £m	2014 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

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.

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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
CONTINUING OPERATIONS			
Revenue	17,058	(204)	16,854
Operating costs before goodwill impairment	(15,850)	180	(15,670)
Operating profit	1,208	(24)	1,184
Share of profit of joint ventures	-	21	21
Share of profit of associates	9	-	9
Total operating profit	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
Profit before tax	1,147	(3)	1,144
Income tax expense	(279)	3	(276)
Profit for the year from continuing operations	868	-	868
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	3	-	3
CONTINUING AND DISCONTINUED OPERATIONS			
Profit for the year	871	-	871

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15 IFRS 11 RESTATEMENT CONTINUED

CONSOLIDATED BALANCE SHEET

	As at 30 September 2014		
	As published[1]	IFRS11	Restated
	£m	£m	£m
NON-CURRENT ASSETS			
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
Non-current assets	5,817	36	5,853
CURRENT ASSETS			
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
Current assets	2,877	(87)	2,790
Total assets	8,694	(51)	8,643
CURRENT LIABILITIES			
Short term borrowings[1]**	(315)	-	(315)
Derivative financial instruments**	(4)	-	(4)
Provisions	(161)	-	(161)
Current tax liabilities*	(148)	-	(148)
Trade and other payables[1]	(3,121)	44	(3,077)
Current liabilities	(3,749)	44	(3,705)
NON_CURRENT LIABILITIES			
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)
Non-current liabilities	(3,097)	7	(3,090)
Total liabilities	(6,846)	51	(6,795)
Net assets	1,848	-	1,848
EQUITY			
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)
Total equity shareholders' funds	1,839	-	1,839
Non-controlling interests	9	-	9
Total equity	1,848	-	1,848

[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.

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15 IFRS 11 RESTATEMENT CONTINUED

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 30 September 2014		
	As published £m	IFRS11 £m	Restated £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	1,442	(25)	1,417
Interest paid	(77)	-	(77)
Tax received	24	-	24
Tax paid	(268)	2	(266)
Net cash from operating activities	1,121	(23)	1,098
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associates [1]	(176)	-	(176)
Proceeds from sale of subsidiary companies and associates - discontinued activities[1]	(1)	-	(1)
Proceeds from sale of subsidiary companies and associates - continuing activities[1]	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[2]	(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
Net cash used in investing activities	(548)	17	(531)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary share capital	5	-	5
Purchase of own shares[3]	(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)
Net cash used in financing activities	(1,132)	2	(1,130)
CASH AND CASH EQUIVALENTS			
Net decrease in cash and cash equivalents	(559)	(4)	(563)
Cash and cash equivalents at beginning of the year	1,006	(19)	987
Currency translation losses on cash and cash equivalents	(16)	-	(16)
Cash and cash equivalents at end of the period	431	(23)	408

[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.

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16 INVENTORIES

INVENTORIES	2015 £m	2014 Restated[1] £m
NET BOOK VALUE		
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 IFRS11, as detailed in note 15.

17 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	2015 £m	2014 Restated[1] £m
Cash at bank and in hand	**224**	252
Short term bank deposits	**59**	156
Cash and cash equivalents[2]	**283**	408

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.
2 Categorised as 'loans and receivables' financial assets (IAS 39).

CASH AND CASH EQUIVALENTS BY CURRENCY	2015 £m	2014 Restated[1] £m
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[1]		
	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 IFRS11, as detailed in note 15.

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18 SHORT TERM AND LONG TERM BORROWINGS

SHORT TERM AND LONG TERM BORROWINGS	2015 Current £m	2015 Non-current £m	2015 Total £m	2014 Restated[1,2] Current £m	2014 Restated[1,2] Non-current £m	2014 Restated[1,2] 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	1387
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)[3]	**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 IFRS11, 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

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18 SHORT TERM AND LONG TERM BORROWINGS CONTINUED

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

MATURITY PROFILE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2015 £m	2014 Restated[1] £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

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

CARRYING VALUE AND FAIR VALUE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2015 Carrying value £m	2015 Fair value £m	2014 Restated[1] Carrying value £m	2014 Restated[1] Fair value £m
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 IFRS11, as detailed in note 15.

GROSS AND PRESENT VALUE OF FINANCE LEASE LIABILITIES	2015 Gross £m	2015 Present value £m	2014 Gross £m	2014 Present value £m
Finance lease payments falling due:				
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

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18 SHORT TERM AND LONG TERM BORROWINGS CONTINUED

BORROWINGS BY CURRENCY	2015 Borrowings £m	2015 Finance leases £m	2015 Total £m	2014 Restated[1] Borrowings £m	2014 Restated[1] Finance leases £m	2014 Restated[1] Total £m
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 IFRS11, 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:

Undrawn committed facilities	2015 £m	2014 £m
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.

DERIVATIVE FINANCIAL INSTRUMENTS	2015 Current assets £m	2015 Non-current assets £m	2015 Current liabilities £m	2015 Non-current liabilities £m	2014 Current assets £m	2014 Non-current assets £m	2014 Current liabilities £m	2014 Non-current liabilities £m
Interest rate swaps:								
Fair value hedges[1]	**2**	**58**	**-**	**-**	11	34	-	-
Not in a hedging relationship[2]	**-**	**-**	**(2)**	**(2)**	-	-	(1)	-
Other derivatives:								
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).

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19 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY	2015 Fair value swaps £m	2015 Cash flow swaps £m	2014 Fair value swaps £m	2014 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

EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AFTER THE EFFECT OF DERIVATIVES	2015 Gross borrowings £m	2015 Forward currency contracts[3] £m	2015 Effective currency of borrowings £m	2014[1,2] Gross borrowings £m	2014[1,2] Forward currency contracts[3] £m	2014[1,2] Effective currency of borrowings £m
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
Total	**2,931**	**49**	**2,980**	2,840	9	2,849

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, 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.

20 TRADE AND OTHER PAYABLES

	2015			2014 Restated[1,2]		
	Current	Non-current	Total	Current	Non-current	Total
TRADE AND OTHER PAYABLES	£m	£m	£m	£m	£m	£m
NET BOOK VALUE						
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
COMPRISED OF						
Trade payables[3]	**1,400**	**-**	**1,400**	1,333	-	1,333
Social security and other taxes	**273**	**-**	**273**	279	-	279
Other payables[2]	**155**	**28**	**183**	164	23	187
Deferred consideration on acquisitions[3]	**16**	**28**	**44**	13	21	34
Accruals[4]	**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[5]	**-**	**-**	**-**	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 IFRS11, 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).
4 Of this balance £415 million (2014: £436 million) is categorised as 'other financial liabilities' (IAS 39).
5 Categorised 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).

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21 PROVISIONS

PROVISIONS	Insurance £m	Provisions in respect of discontinued and disposed businesses £m	Onerous Contracts £m	Legal and other claims £m	Reorganisation £m	Other £m	Total £m
At 1 October 2013	228	47	56	91	67	42	531
Reclassified [1]	(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[1]	**-**	**-**	**(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 US, 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 term 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 re organisation 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.

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.

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:

	2015		2014	
LIFE EXPECTANCY AT AGE 65	**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:

	2015		2014	
LIFE EXPECTANCY AT AGE 65	**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

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22 POST-EMPLOYMENT OBLIGATIONS CONTINUED

MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS	2015 UK £m	2015 USA £m	2015 Other £m	2015 Total £m	2014 UK £m	2014 USA £m	2014 Other £m	2014 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 UK £m	2015 USA £m	2015 Other £m	2015 Total £m	2014 Restated[1] UK £m	2014 Restated[1] USA £m	2014 Restated[1] Other £m	2014 Restated[1] 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 UK £m	2015 USA £m	2015 Other £m	2015 Total £m	2014 Restated[1] UK £m	2014 Restated[1] USA £m	2014 Restated[1] Other £m	2014 Restated[1] 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

1 2014 has been restated for the change in the accounting treatment of joint ventures in accordance with IFRS11, as detailed in note 15.

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

POST-EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2015 UK £m	2015 USA £m	2015 Other £m	2015 Total £m
Present value of defined benefit obligations	**1,966**	**404**	**161**	**2,531**
Fair value of plan assets	**(2,137)**	**(300)**	**(85)**	**(2,522)**
Post-employment benefit obligations recognised in the balance sheet	**(171)**	**104**	**76**	**9**

POST-EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2014 Restated[1] UK £m	2014 Restated[1] USA £m	2014 Restated[1] Other £m	2014 Restated[1] Total £m
Present value of defined benefit obligations	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

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 INCOME STATEMENT

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

	2015				2014 Restated[1]			
	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[1] £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 IFRS11, as detailed in note 15.

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 all 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 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. 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 10 5/8 pence each were repurchased for consideration of £78 million and cancelled. The Company also contracted to repurchase a further 200,000 ordinary shares of 10 5/8 pence each before 30 September 2014 for consideration of £1.9 million which was settled in October 2014.

	2015		2014	
ALLOTTED SHARE CAPITAL	**Number of shares**	**£m**	Number of shares	£m
Allotted and fully paid:				
New Ordinary shares of 10 5/8p each	**1,656,777,382**	**176**	1,673,886,784	178
	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

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.

25 BUSINESS COMBINATIONS

The Group has completed a number of smaller infill acquisitions in several countries for 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 Group revenue for the period would have been £17,884 million and total Group operating profit (including associates) would have been £1,264 million.

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26 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY CONTINUING OPERATIONS	2015 £m	2014 Restated[1] £m
Operating profit from continuing operations	**1,222**	1,184
Adjustments for:		
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
Loss/(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 IFRS11, as detailed in note 15.

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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	Cash and cash equivalents £m	Bank overdrafts £m	Bank and other borrowings £m	Total overdrafts and borrowings £m	Finance leases £m	Derivative financial instruments £m	Total gross debt £m	Net debt £m
At 1 October 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[1]	-	-	(18)	(18)	-	-	(18)	(18)
Other non-cash movements	-	-	(21)	(21)	-	23	2	2
At 30 September 2014[1,2]	408	(37)	(2,786)	(2,823)	(17)	61	(2,779)	(2,371)
At 1 October 2014	**408**	**(37)**	**(2,786)**	**(2,823)**	**(17)**	**61**	**(2,779)**	**(2,371)**
Net decrease in cash and cash equivalents	**(103)**	**-**	**-**	**-**	**-**	**-**	**-**	**(103)**
Cash inflow from issue of 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	**283**	**(59)**	**(2,859)**	**(2,918)**	**(13)**	**45**	**(2,886)**	**(2,603)**

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 IFRS11, as detailed in note 15.

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

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28 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2015 £m	2014 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings) [1]	**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 INDEMNITITES

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 ventures 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 SERVICE

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.

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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:

	2015			2014		
	Operating leases			Operating leases		
OPERATING LEASE AND CONCESSIONS COMMITMENTS	Land and buildings £m	Other assets £m	Other occupancy rentals £m	Land and buildings £m	Other assets £m	Other occupancy rentals £m
Falling due within 1 year	**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 VENTURE

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

ASSOCIATES

The balances with associated undertakings are shown in notes 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 of the 2015 Annual Report. During the year there were no other material transactions or balances between the Group and its key management personnel or members of their close family.

32 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

33 EXCHANGE RATES

	2015	2014
AVERAGE EXCHANGE RATE FOR YEAR [1]		
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
CLOSING EXCHANGE RATE AS AT 30 SEPTEMBER [1]		
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

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

Glossary of terms

Constant currency	Restates the prior year results to current year'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 joint ventures but excludes specific adjusting items.
Underlying operating margin	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
Underlying net finance cost	Excludes hedge accounting ineffectiveness.
Underlying profit before tax	Excludes specific adjusting items.
Underlying tax	Excludes tax attributable to 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 tax paid/received and underlying profit before tax.
Underlying gross capex	Based on Group and share of equity accounted joint ventures capex spend and revenue.
Organic revenue growth	Calculated by adjusting underlying revenue for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior year at current year exchange rates) and compares the current year results against the prior year.
Organic operating profit growth	Calculated by adjusting underlying operating profit for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both periods) 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	- amortisation of intangibles arising on acquisition - acquisition transaction costs - adjustment to contingent consideration on acquisition - tax on share of joint ventures - (loss)/profit on disposal of US businesses - hedge accounting ineffectiveness
EM & OR restructuring	Emerging Markets & Offshore and Remote restructuring.
Emerging Markets	Fast Growing & Emerging excluding Australia.