COMPASS GROUP

Sustainable growth

Annual Report 2011





50

We operate in around 50 countries







470,000

We have more than 470,000 great people delivering great service every day

45,000

We operate in over 45,000 client locations







4bn

We serve more than 4 billion meals a year



Focusing on sustainable growth

Millions of people around the world rely on us every day to provide their breakfasts, lunches and dinners. As more and more organisations are choosing to outsource their food and support services to us, we retain our focus on disciplined, sustainable growth to meet their needs.



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Creating memorable experiences

We're all about great food. We provide a wide choice of high quality, nutritious and well balanced food to meet the needs of our consumers throughout their day.



Wellness and nutrition

We offer our customers healthier choices and give them easy to understand nutritional information, for example, with our newly launched 'Whole+Sum' concept. Developed by our own dieticians, in partnership with external experts, it offers consumers the opportunity to create their own meal with a perfect balance of vegetables, whole grains and protein, giving them a consistent and healthy nutritional profile regardless of the combination they choose. So, whatever they fancy, their meal won't exceed a certain calorie count and fat content, ensuring they can enjoy their choice of our food without having to worry about its nutritional value. They also don't lose out on flavour with recipes featuring dishes from across the world, including the Mediterranean, the Middle East, Latin America and Asia, ensuring we always offer varied and delicious meals.









As well as serving food that tastes great, it's important to serve food that makes people feel great.

20m+

consumers served every day



Highlights 2011

Group performance

On a constant currency basis, underlying operating profit increased by £86 million (8.6%) from the following key areas:

£40m
from net new business

£23m
from our existing base estate

£4m
of above unit cost savings

£19m
from acquisitions net of restructuring costs

Revenues
9.2% revenue growth on a constant currency basis

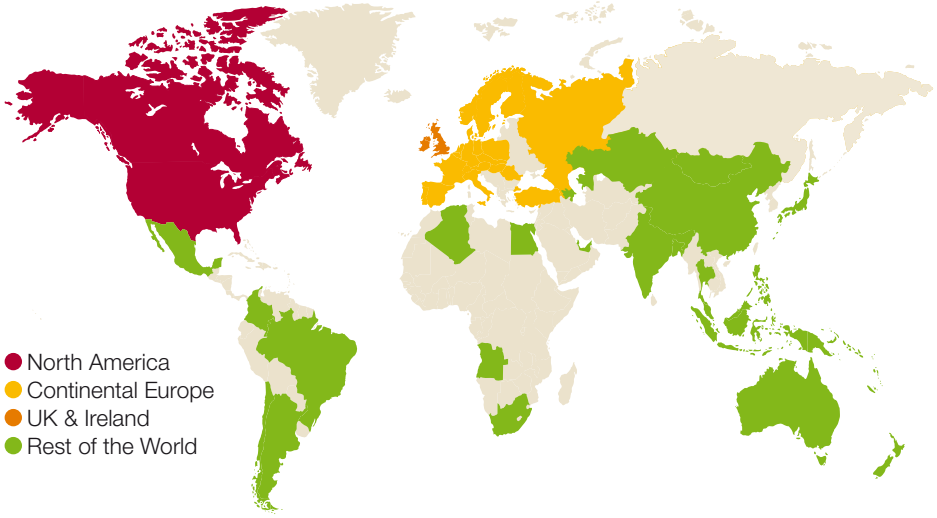
11	**£15,833m**
10	£14,468m
09	£13,444m

Total underlying operating profit
8.6% increase in underlying operating profit on a constant currency basis

11	**£1,091m**
10	£1,003m
09	£884m

Compass has had another good year, despite the headwinds of high food cost inflation, a mixed economic backdrop and the impact of the tragic events in Japan. We have delivered further progress in operating profit and strong free cash flow generation.

Regional performance



North America

Revenue
£6,849m
(2010: £6,369m)

Underlying operating profit
£538m
(2010: £491m)

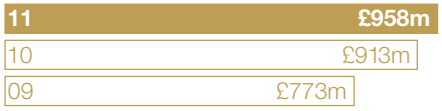
% of Group revenue
43%
(2010: 44%)

1 Constant currency restates the prior year results to 2011's average exchange rates.
2 Total underlying operating profit includes share of profit of associates but excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option.
3 Underlying operating profit by region excludes share of profit of associates, UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option.
4 Underlying operating margin is based on revenue and operating profit excluding share of profit of associates, UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option.

Underlying operating margin
6.9% consistent with last year



Reported profit before tax
4.9% increase in reported profit before tax



Underlying basic earnings per share
9.2% increase in underlying basic earnings per share



Dividends per ordinary share
10.3% increase in the full year dividend per ordinary share



Free cash flow
6.9% decrease in free cash flow



Operating with scale in around 50 countries in both developed and, increasingly, emerging markets, we are well placed to benefit from the growing outsourcing opportunity in food and support services, delivering an efficient and cost-effective solution to the multi-service requirements of our local, regional and multinational clients.

Continental Europe

Revenue
£3,717m
(2010: £3,506m)

Underlying operating profit
£259m
(2010: £248m)

% of Group revenue
24%
(2010: 24%)

UK & Ireland

Revenue
£1,951m
(2010: £1,782m)

Underlying operating profit
£114m
(2010: £114m)

% of Group revenue
12%
(2010: 12%)

Rest of the World

Revenue
£3,316m
(2010: £2,811m)

Underlying operating profit
£234m
(2010: £204m)

% of Group revenue
21%
(2010: 20%)

5 Underlying basic earnings per share excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option, hedge accounting ineffectiveness, the change in the fair value of investments and non-controlling interest put options, gain on remeasurement of joint venture interest on acquisition of control and the tax attributable to these amounts.

6 Organic growth is calculated by adjusting 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.

7 Unless stated otherwise, all figures in this document relate to the year ended 30 September 2011.
8 The data shown on pages 4, 5 and 18 to 21 relates to the continuing business only.

Broadening our offer

192%
growth in our multi-service revenue since 2006

Increasingly, organisations are relying on us to provide a range of soft support services such as cleaning, reception services and building maintenance, in addition to our core foodservice.



Our delivery model is based on 'self-performance' meaning that wherever possible, our people are looking after your people.



Compass Service Framework

The 'Compass Service Framework' is our 'support services toolkit' which outlines the services we offer, how we provide them and the management processes we have in place to ensure our services are meeting our clients' expectations. There are many benefits from the 'Compass Service Framework' for both us and our clients. It is a proven method of capturing innovations from around the world and sharing and implementing these across

our support services clients globally. 'Continuous improvement' is not a one-off project for us; it is an integral part of how we operate. It provides us with a way of auditing and checking that we are meeting the demands made of us and ensures that we are providing a consistently great service. It also enables us to deploy new services or new contracts, giving our clients the best possible service as quickly as possible.





Our sectors

Continuing to build on our sector expertise, while recognising that each of them has specific requirements, is a key driver of differentiation for our clients and fully underpins our drive for innovation and operating efficiency.

For consumers, this means speedier access to sector focused best practices and market-leading innovations that are delivered by our people, from award-winning chefs to service 'practice experts'.



Business & Industry

Group revenue 2011

42%

(2010: 41%)

Increasingly, our clients are seeking broader service offerings for their businesses. Combining our renowned 'customer first' hospitality mindset and reputation for great food with the 'industrial efficiency' of our 'Compass Service Framework', we provide clients with multiple services to the highest standard, at the best value, on an international scale.

Major sector brands

Eurest

Eurest Services

BON APPÉTIT MANAGEMENT COMPANY

FLIK

Restaurant Associates



Education

Group revenue 2011

16%

(2010: 16%)

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

Major sector brands

Chartwells

Scolarest

BON APPÉTIT MANAGEMENT COMPANY

FLIK



Healthcare & Seniors

Group revenue 2011

18%

(2010: 19%)

We are specialists in helping hospitals in the public and private sectors on their journey of managing efficiency and enhancing quality across all services. With a significant presence in the growing senior living market, we also provide care services to residential homes and home meal delivery services.

Major sector brands

medirest

MORRISON

Crothall Services Group



Sports & Leisure

Group revenue 2011

11%

(2010: 11%)

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

Major sector brands

Levy Restaurants

All Leisure



Defence, Offshore & Remote

Group revenue 2011

13%

(2010: 13%)

Through our health and safety culture we are a market leader in providing food and support services to major companies in the oil and gas and mining and construction industries, operating in some of the most demanding environments in the world. For our defence sector clients, we are a partner who meets the challenges of running efficient operations outside of areas of conflict.

Major sector brands

ESS Support Services Worldwide



Sustainability and discipline

Our clear and consistent focus on our growth strategy has enabled us to meet economic and operational challenges head on and come away a better and stronger business.

Sir Roy Gardner
Chairman

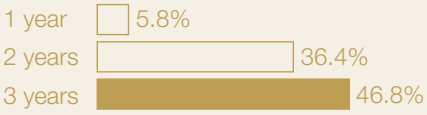
I am delighted to report another year in which we have delivered further progress in operating profit and strong free cash flow generation. We have achieved this against a backdrop of continuing economic uncertainty, high food cost inflation and the tragic events earlier this year in Japan. I am immensely proud of the hard work and commitment to achieving these goals shown by my colleagues around the Group.

Our strategy is unchanged. Our core focus remains on delivering shareholder value from the significant structural opportunity in foodservice around the world and in building our capability in support services. We are now well into the growth phase of our journey, a phase in which our core aim is sustainable and disciplined growth. And we are making good progress, building on the strong foundations we have put in place, and retaining our emphasis on operational excellence in our pursuit of growth.

The economic backdrop is still very volatile and is likely to remain so for some time. Our flexible cost base and the significant cost benefits of outsourcing give us confidence that amidst the challenges of this economic environment there are also opportunities for us. Our Management and Performance programme, MAP, is fully embedded across the Group and continues to drive efficiencies and act as a framework around which to share best practices between our teams.

Whilst organic growth remains our priority, over the last two years we have increased our focus on small, infill acquisitions and these are now making a meaningful contribution to growth. The combination of a solid top line and the continued delivery of significant efficiency gains has delivered strong profit growth and cash flow generation and has enabled us to increase our investment in the exciting opportunities we see around the world. The acquisitions which we have made this year have taken us further into the emerging

Compass Group share price performance vs FTSE 100 Index over the last 3 years



35

Position in the FTSE 100 Index
as at 30 September 2011 (2010: 36)

10.3%

Total dividend up 10.3% to 19.3p
(2010: 17.5p)

markets as well as strengthening our offer in support services.

This year we have more than doubled our presence in Turkey with the acquisition of the remaining 50% of our former joint venture business, SOFRA. Since the year end we have also acquired Obasan, a leading foodservice business in Turkey. In India, we have developed a significant national presence in both food and support services with the recent acquisitions of Vipul, UHS and Indus. We have continued to build our capability in support services in North America with a number of acquisitions across Canada and the United States. And our commitment to building scale in Europe and Japan can be seen in the number of acquisitions, which total over ten this year, that we have made in the region, including the Dutch business of Elior, as well as VSG and Cygnet in the UK.

I am delighted to welcome all of our acquired businesses into the Group and I look forward to more value creating acquisitions as we utilise the strength of our balance sheet to drive our growth plan forward.

Commitment to corporate responsibility

Corporate responsibility underpins the responsible and sustainable delivery of our key business drivers and, as such, is an integral part of achieving our overall strategy. The Board believes that the integration of corporate responsibility across the Group and the inclusion of broader social and environmental issues into our decision making will help Compass to achieve our business goals, act as a building block for growth in shareholder value and benefit the communities in which we operate. As such, the Board remains fully committed to this important aspect of how we operate.

We are now into our fourth year of measuring our progress and our drive for continuous improvement is set out in the Acting Responsibly section of this Report on pages 32 to 41.

Dividend increase

Our commitment to creating shareholder value remains strong. We have this year completed the rebasing of our dividend with an interim dividend increase of 30%. The Board is now proposing a final dividend of 12.8 pence for payment on 27 February 2012. This brings our total dividend for 2011 to 19.3 pence, a year on year increase of 10.3%.

With the visibility we have on our business performance and our current investment requirements, we have taken the decision to restructure and drive greater efficiency into the balance sheet through a £500 million share buy back which we hope to complete over the next twelve months.

After concluding the buy back, we expect to retain our existing credit ratings and conserve an appropriate amount of financial flexibility.

Leadership

The opportunities and challenges that face us around the world differ from region to region. We are therefore adapting our management structure to give each area the required focus. Our Group will be split into three regions: North America, Europe and Japan and our fast growing and emerging countries.

Arising from this sharpening of our geographic strategy, we will be making some important management changes. Our current Group Finance Director, Andrew Martin, and our current Group Managing Director of North America, Gary Green, will take up positions as Group Chief Operating Officers. Gary will continue to lead the North American business and Andrew will head Europe and Japan.

With Andrew departing his role as Group Finance Director, we are also pleased to have announced the appointment of Dominic Blakemore who will assume the role of Group Finance Director from next April.

On behalf of the Board I would like to thank Andrew for his excellent stewardship of the Group's finances and to welcome Dominic to the Group.

Our people

Over the year, we have faced economic and operational challenges. But our clear and consistent focus on our growth strategy has enabled us to meet them head on and come away as a better and stronger business.

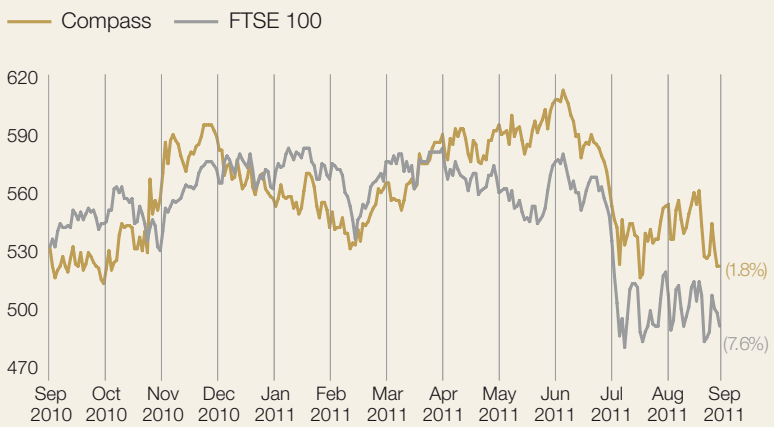
None of what we have achieved would have been possible without our people. On behalf of the Board, I would like thank all of my Compass colleagues for their continued contributions to the business.

Outlook

As we look forward, we remain very optimistic about the opportunities to grow the business. Whilst the current economic uncertainty is likely to put ongoing pressure on like for like volumes in parts of the business, the opportunities to grow the business are very positive and our flexible cost base will enable us to respond quickly and effectively. We are well placed to capitalise on the significant structural growth opportunities in both food and support services around the world and we are encouraged by the pipeline of new business. Whilst we see growth potential across all our geographies, we are increasing our focus on expanding our presence in the fast growing and emerging economies. We will also continue to drive cost efficiency, underpinning our expectation of further progress in the operating margin over the medium-term. Strong cash flows should continue to enable us both to reward shareholders and invest in value creating infill acquisitions.

Sir Roy Gardner
Chairman
23 November 2011

Compass Group share price performance vs FTSE 100 Index 2011



The FTSE 100 Index has been rebased to the Compass Group share price on 30 September 2010 (530.50 pence)

Our strategy

We have a clear, focused strategy that is delivering value for our shareholders and has created a well-balanced and sustainable business model with significant opportunities to deliver continued growth.

- Focus on our contract foodservice business
- Grow our support services business
- Committed to giving our customers superior levels of service
- Focus on driving cost efficiencies

Focusing on growth

The launch of our 'Mapping for Growth' programme in 2010 marked the start of a new phase where quality, sustainable growth became a greater focus of the Group.

5.4%
Group organic growth

We're placing greater emphasis on growing revenues whilst retaining our relentless focus on efficiency.





Attractive Structural Growth Opportunity

Despite the good levels of growth we have achieved over the last several years, we still believe there are plenty of opportunities to capitalise on in both the food and soft support services markets. The potential size of the opportunity in both markets is huge. The total foodservice industry is estimated at about £200 billion, of which less than 50% is believed to be currently outsourced. The same is true of the soft support services market, which is of a similar size but with an even lower outsourcing rate. In order to capture some of this growth, our core strategy is unchanged: we remain focused on being a world-class provider of contract food and support services, renowned for our great people, our great service and our great results. We will continue to invest in both organic growth and infill acquisitions without losing sight of our relentless focus on efficiency.





A clear and focused strategy

Richard Cousins

Richard Cousins
Group Chief Executive

Reported revenue has grown by 9.4% in the year and 9.2% on a constant currency basis. After adjusting for the impact of acquisitions and disposals, we have seen good organic revenue growth of 5.4% for the year.

Underlying operating profit increased by 9% in the year, with the operating margin remaining flat. During the year we incurred around a £15 million profit impact following the Japanese earthquake in March and a higher than normal level of restructuring costs of around £15 million relating to acquisitions. Excluding the impact of these, the operating margin would have improved by 20 basis points.

£40 million profit from net new business

We have delivered new business revenue growth of 8.8% throughout the year. The investment we have made in sales training over the past two years is delivering improved win rates and a more consistent quality of new business. In addition to the good growth in foodservice, we are seeing high rates of new business in support and multi-services. International clients are an important part of our growth strategy and we have again made good progress in this area, winning or extending our global relationships with SAP, Shell, Peugeot and Chevron.

Over the last two years, we have put more focus on retention and we are very encouraged to see a significant improvement in the Group retention rate, which has moved from 93% in the first half of 2010 to 94.5% in the second half of 2011.

£23 million of base estate profit growth

The like for like revenue growth of 2.4% largely reflects price increases, driven by gradually increasing food cost inflation throughout the year.

In the first half of the year, against very weak comparatives, we experienced a little volume growth. As we moved into the second half, we faced the combination of much tougher comparatives together with some further weakness in the macroeconomic backdrop in the UK and Continental Europe, as well as the impact of the earthquake in Japan. Overall, like for like volume in the second half of the year was marginally positive in North America and the Rest of the World and a little negative in the UK & Ireland and Continental Europe. Whilst the macroeconomic backdrop is putting some pressure on headcounts and spend at our Business & Industry clients' sites, we are working hard to drive increased participation and spend through excellent consumer propositions, intelligent marketing, retail skills and attractive pricing. Although difficult to predict, looking at the macro data, we continue to expect like for like volumes to remain dull throughout 2012.

The majority of our cost base is variable and we continue to manage it in response to any decline in like for like volumes. As we went through the downturn of 2009 and 2010, we were able to flex the cost base and drive efficiencies quickly, which offset the profit impact of the fall in like for like volumes. The tools we used then remain available to us today and we see this as crucial to our business model.

We have seen a steady increase in food cost inflation throughout the year. Whilst this is clearly beyond our control, there are many actions that we take to help mitigate the impact and manage inflation. Menu management, for example, is a key tool that enables us to avoid or use less of the foodstuffs that are most affected by input cost inflation. In addition to this, we are continuing to drive greater efficiency in purchasing and logistics. Finally, our contract structures generally allow us to sensibly increase prices where we have experienced input cost inflation.

We have made further progress in the year on our £5 billion MAP 3 cost of food and our nearly £9 billion MAP 4 unit costs. We continue to work hard to improve productivity and we see many ongoing opportunities to drive greater efficiency across the Group.

£4 million of net above unit overhead savings

We are continuing to drive above unit overhead efficiencies, holding the cost broadly flat whilst absorbing inflation and bringing in a number of infill acquisitions. Over the last five years, we have reduced above unit overheads by around £100 million, in absolute terms, while growing the revenue by £3.6 billion, so reflecting a significant productivity saving.

£19 million from acquisitions

This relates to the incremental operating profit, after restructuring costs, of the acquisitions made in both 2010 and 2011.

Strategy

Focus on food

Our strategy remains unchanged. Food is our core business. The structural growth opportunity is significant with an estimated market size of around £200 billion of which less than 50% is already outsourced. Although Business & Industry is the most penetrated sector, there remains excellent growth potential as there is a strong propensity to outsource within the sector. Less penetrated sectors, such as Healthcare and Education also offer great opportunities for growth. These markets are significant and, as economic conditions continue to put increasing pressure on both the public and private sectors, we believe the benefits of outsourcing will become ever more apparent.

Fast growing support services

Support and multi-services are becoming an increasingly important part of the Group and now represent 22%, or £3.5 billion, of Group revenues. Within the 22%, 7% relates to the food element of multi-service contracts and 15% to support services. Country by country, we are continuing to build a strong support services offer. Although organic growth is the priority, we have acquired over 20 support services businesses during the past 10 years to help accelerate growth and bring new capabilities to the Group. We have had another excellent year of new business wins including a significant contract with Ascension Health, one of the largest non-profit healthcare systems in the US. We will be providing food and support services to 86 sites across the US.

Geographic spread

Increasingly, we see our business in three segments: North America, the more developed markets of Europe and Japan and our fast growing and emerging markets. These segments comprise countries which are at similar stages of development and demonstrate similar characteristics. North America accounts for nearly £7 billion of revenue and remains our biggest growth engine. The US culture is open to outsourcing and the current economic climate is resulting in some increased activity. We have an excellent pipeline of new business, high retention rates and ongoing opportunities to drive efficiencies. Europe and Japan, which, at just over £6 billion of revenue, account for around 40% of the Group, offer good growth potential, although current performance is being affected by the weak economic backdrop. As well as core Business & Industry, there are good opportunities in Healthcare and Education and increasingly in multi-services. With operating margins currently below the Group average we see lots of potential to drive greater efficiency. The fast growing and emerging countries, which together generate revenues of £2.8 billion, are becoming much more important to the Group. Having exited over 40 difficult and sub-scale countries in the middle of the last decade and with the confidence derived from rapid margin expansion, we have been increasingly focusing on and investing in Australia and the emerging countries. We enjoy high rates of organic growth in these countries and we would hope to see double digit growth for many years to come. One day this segment will be a much larger proportion of the Group.

Management changes

With the differing opportunities and challenges in each geographic region, we are evolving our management structure to bring a more incisive focus to each area. We are therefore pleased to have announced the appointment of Andrew Martin, Group Finance Director, as a Group Chief Operating Officer. Andrew will assume responsibility for the Group's operations in Europe and Japan from 2 April 2012. From the same date Gary Green, currently Group Managing Director for North America, will also assume the title of a Group Chief Operating Officer with responsibility for North America. Both Messrs Martin and Green will remain Directors of the Company.

On 27 February 2012, Dominic Blakemore will be appointed as Group Finance Director Designate. Mr Blakemore, 42, will succeed Mr Martin as Group Finance Director on 2 April 2012. Mr Blakemore is currently Chief Financial Officer of Iglo Foods Group Limited, which he joined from Cadbury Plc, where he was European Finance and Strategy Director, having previously held senior finance roles as Corporate Finance Director and Group Financial Controller. Prior to joining Cadbury Plc, Mr Blakemore was a Director at PricewaterhouseCoopers.

Acquisitions

In tandem with our concentration on organic growth, over the last couple of years we have placed more focus on making selective infill acquisitions. Over the past two years, we have invested over £600 million in small to medium-sized infill acquisitions, with a good mix between food and support services and an increasing amount in the fast growing and emerging markets, for example, more than doubling our presence in Turkey and establishing a strong national footprint in India. We continue to have a strong preference for small to medium-sized infill acquisitions, building scale in food and support services in our existing geographies. As appropriate acquisition opportunities arise, we will invest in food and support services, in both developed and emerging markets.

Shareholder returns

In addition to pursuing our strategy of infill acquisitions, the strength of our cash flow has enabled us to invest in organic growth and to reward our shareholders. Our commitment to a progressive dividend policy remains strong, and to drive greater efficiency in the balance sheet, we will now commence a £500 million share buy back with the intention to complete this over the next twelve months. The increasing predictability of the business and cash flows gives us confidence that we should retain our existing credit ratings (A- with Standard & Poor's and Baa1 with Moody's) and an appropriate level of financial flexibility.

Outlook

Compass has had a good year. Strong organic revenue growth has been driven by good levels of new business wins across the Group and an improvement in the underlying rate of retention. Ongoing cost efficiencies are driving further improvement in the underlying operating margin and enabling us to reinvest in the business. Infill acquisitions are also making a meaningful contribution to growth. This strong performance is despite the impact of the tragic events in Japan, rising food costs and economic weakness in some of our markets. The fundamentals of the business are working well.

As we look forward, we remain very positive about the opportunities to grow the business. Whilst the current economic uncertainty is likely to put ongoing pressure on like for like volume in parts of the business, the opportunities to grow the business are very positive and our flexible cost base will enable us to respond quickly and effectively. We are well placed to capitalise on the significant structural growth opportunities in both food and support services around the world and we are encouraged by the pipeline of new business. Whilst we see growth potential across all our geographies, we are increasing our focus on expanding our presence in the fast growing and emerging economies. We will also continue to drive cost efficiency, underpinning our expectation of further progress in the operating margin over the medium-term. Strong cash flows should continue to enable us both to reward shareholders and invest in value creating infill acquisitions.

Richard Cousins
Group Chief Executive
23 November 2011

We expect these fast growing and emerging markets to become a larger part of the Group over time.



£2.8bn

revenue from fast growing and emerging markets

Expanding in fast growing markets

We are becoming increasingly excited about the fast growing and emerging markets, which now account for almost 20% of our business.



Compass in Turkey

One of our fast growing markets is Turkey, which continues to experience strong economic activity as well as demonstrating significant positive trends in outsourcing food and support services. In May, we acquired the outstanding 50% of SOFRA, our former joint venture in Turkey. And in August, we agreed the purchase of foodservice company, Obasan. The deal completed in early October.

Having had a presence in Turkey for over 20 years, we are now one of the market leading companies in foodservice, with a growing support services business. We employ around 16,000 people and in 2011, proforma revenues were over £200 million. We provide food and support services to many of the largest companies, schools, universities and hospitals in Turkey. The business is generating good levels of revenue growth and we are excited about the potential for further progress.

Regional performance

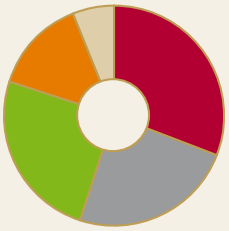
North America

43%

of Group revenue
(2010: 44%)

Revenue by sector

- Business & Industry 31%
- Education 24%
- Healthcare & Seniors 25%
- Sports & Leisure 14%
- Defence, Offshore & Remote 6%



£6,849m

Revenue
(2010: £6,369m)

7.9%

Operating margin
(2010: 7.7%)

£538m

Operating profit
(2010: £491m)

7.4%

Organic revenue growth
(2010: 5.8%)





Our North American business has delivered an excellent performance.

Revenues have grown by 7.4% on an organic basis and the ongoing efficiency initiatives have contributed to a full year operating margin improvement of 20 basis points.

The Business & Industry sector has delivered a solid result with good levels of net new business and a modest recovery in like for like trading against the lower comparatives of 2010. An increased focus on marketing and retail sales to drive participation, combined with tight cost management, has enabled the sector to deliver another year of increased operating profit. New contract wins include Blue Cross Blue Shield, a large insurance company.

In Healthcare, our support services offer, strengthened by recent acquisitions, has contributed to the delivery of good new business wins and excellent levels of retention. In addition to our appointment by Ascension Health, we have also been appointed to provide support services to The New York City Health and Hospitals Corporation, the largest municipal healthcare organisation in the USA, and the Memorial Hermann Healthcare System, the largest not-for-profit hospital system in Houston, Texas. We have also been appointed by the St. Francis Hospital and Medical Center in Connecticut to provide foodservices and retail operations.

Improved meal plan participation on campuses has driven increased like for like trading in the Education sector. We have recently won the foodservice contracts at several universities including Missouri State University, the state's second largest university, and The University of Massachusetts Dartmouth, one of five campuses of the University of Massachusetts, and we have commenced foodservice and retail operations at the long established University of Regina, in Saskatchewan, Canada.

In Levy, our Sports & Leisure business, retention rates remain excellent. The US Cellular Field, home of the Chicago White Sox Major League Baseball team, has recently renewed our contract to provide both premium food and beverage concessions. It has been a client of Levy's since 1982. We have achieved margin improvements despite pressure on like for like volumes. This has been driven by a keen focus on cost efficiencies combined with the ability to flex the cost base quickly. In August, we bought a 49% stake in AEG Facilities, LLC from Anschutz Entertainment Group. AEG Facilities, LLC manages numerous venues around the world, including arenas, theatres, stadia and convention centres. This acquisition brings together Compass' market leading foodservice business and AEG Facilities, LLC's venue management skills, enabling Compass to deliver its services to more clients and consumers worldwide.

The integration of the Marquise Group, a support services provider in Canada acquired earlier in the year, is proceeding well.

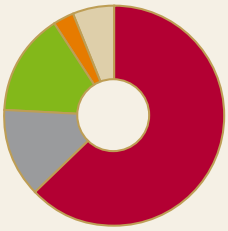
Continental Europe

24%

of Group revenue
(2010: 24%)

Revenue by sector

- Business & Industry 63%
- Education 13%
- Healthcare & Seniors 15%
- Sports & Leisure 3%
- Defence, Offshore & Remote 6%



£3,717m

Revenue
(2010: £3,506m)

7.0%

Operating margin
(2010: 7.1%)

£259m

Operating profit
(2010: £248m)

0.9%

Organic revenue growth
(2010: 0.1%)





Economic conditions in parts of Continental Europe have remained quite challenging during the year.

Whilst we have seen good levels of new business, like for like revenue trends have remained difficult. Overall, organic revenue growth of 0.9% is slightly ahead of last year. Management of the flexible cost base and ongoing efficiency gains have resulted in an underlying operating margin improvement of around 20 basis points, before the impact of circa £12 million of restructuring costs associated with acquisitions.

In the Norway ESS business we have won a new multi-service contract with Total E&P Norge AS, where we will provide services at the client's head office in Norway and, in the Czech Republic, we have recently renewed our important foodservice contract with Skoda Auto a.s., a part of VW Group. In Denmark, we have won a new foodservice contract with PARKEN VENUES A/S, Scandinavia's leading arena for major sporting and entertainment events for both hospitality and public sales. The venue has 700,000 spectators and 50,000 VIP guests annually. Additionally in Denmark, the successful integration of the recently acquired IDA Service A/S, a multi-service business, is providing both cross-selling opportunities and synergies.

We have continued to win good quality new business in France and investment in our retention process is starting to show improvements. A focus on driving cost efficiencies across all areas of MAP has moved the margin forward, against the background of flat like for like revenues.

In Germany, we have seen good levels of revenue growth despite challenging trading conditions. In the Business & Industry sector we have won an exciting new contract with Bosch Solar Energy AG where we will provide foodservices to the 2,000 employees on site, and we have extended our support services contract with Salzgitter AG to include foodservices.

Italy has once again delivered an encouraging margin improvement driven largely by growth in the support services business and the continuing reduction of our cost base. Significant new business wins include a contract to provide support services to the European Institute of Oncology in Milan and we have extended our foodservice business with Pfizer by being awarded their largest site in Italy, in Catania, as well as renewing our contract in Ascoli.

Encouragingly, Spain has delivered double digit growth in new business, despite the economic challenges. Although like for like volumes remain very difficult, margins are solid, benefiting from a much simplified management structure. Excellent contract wins in the year include Centro Medico Teknon, one of the leading private hospitals, where we have introduced a new exclusive concept to promote healthy eating, and the Jesuit Schools in Catalonia. We have also successfully widened our relationship with Residencias Ballesol, a leading senior living group in Spain, to provide foodservice at a further seven senior living homes. Retention rates have continued to improve with significant renewals such as Tele 5 and Sabadell Municipality Schools.

In Turkey, the acquisition of the remaining 50% share of SOFRA and the subsequent acquisition of Obasan, which was completed after the year end, have further strengthened our capabilities. The integration is progressing well and we have seen some exciting wins, including Vodafone and 24 Doga Schools, one of the most prestigious groups of private schools. Renewals include the extension of our multi-site security services contract with Metro Cash & Carry.

Regional performance

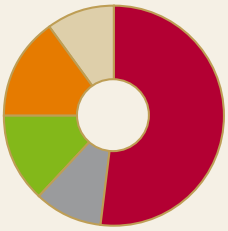
UK & Ireland

12%

of Group revenue
(2010: 12%)

Revenue by sector

- Business & Industry 52%
- Education 10%
- Healthcare & Seniors 13%
- Sports & Leisure 15%
- Defence, Offshore & Remote 10%



£1,951m

Revenue
(2010: £1,782m)

5.8%

Operating margin
(2010: 6.4%)

£114m

Operating profit
(2010: £114m)

(0.1)%

Organic revenue growth
(2010: (3.3)%)





Despite challenging economic conditions continuing to impact like for like volumes in Business & Industry, we have continued to see improvement in organic revenue trends in the UK & Ireland business, from a 3.3% decline last year to broadly flat this year.

The improvement is driven predominantly by a higher rate of retention where we have invested in both the process and the team. There remains an ongoing focus on costs, both to mitigate the impact of reduced volumes and to integrate the recent acquisitions.

In the Business & Industry sector we have continued to win and retain quality business in both food and support services. For example, we have won a contract to provide security services to Thomson Reuters and retained foodservice contracts with Citi and BNP Paribas, where we will now provide dining and hospitality as well as the staff restaurants. In response to pressure on like for like volumes, driving labour cost efficiencies has remained a focus.

We have seen good growth in the Healthcare sector, through like for like revenue growth and a focus on retention, although we continue to see pressure on costs as clients look for cost saving initiatives. Our support services capability has enabled us to retain our multi-service contracts with both West Hertfordshire Hospitals and Newham Gateway Surgical Centre. Our ability to flex the cost base and drive efficiencies, as well as offer a wider range of services, makes us well placed to work with clients as they look to take costs out.

We have continued to make progress in the Education sector, illustrated by the retention of key contracts with Westminster City Council to provide catering to 39 primary schools, West Sussex Schools and University College London, where we will be providing an innovative retail solution.

The picture in the Sports & Leisure sector remains mixed. The retail and hospitality business at major events has performed well with increased spend per head. However, conferences and events has experienced more pressure from deferral of activities, although there are now some signs of volume stabilisation. We have a continued focus on costs, particularly labour, to mitigate the impact on profit of any decline in like for like revenues.

With our ongoing desire to focus on our core activities we have decided to exit or run down a small number of non-core activities in the UK, including providing catering in hotels and mobile food units at sporting events. The overall loss of revenue will be around £70 million. We have taken a £55 million exceptional cost in the year, which is almost all non-cash, including goodwill of £20 million, other intangible write-offs of £10 million and asset write-downs of £15 million. Going forward, the UK business will be more focused.

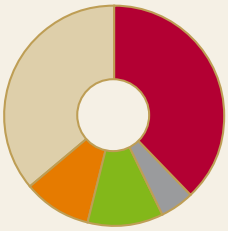
Rest of the World

21%

of Group revenue
(2010: 20%)

Revenue by sector

- Business & Industry 38%
- Education 5%
- Healthcare & Seniors 11%
- Sports & Leisure 10%
- Defence, Offshore & Remote 36%



£3,316m

Revenue
(2010: £2,811m)

7.1%

Operating margin
(2010: 7.3%)

£234m

Operating profit
(2010: £204m)

10.0%

Organic revenue growth
(2010: 6.1%)





Our Rest of the World businesses have continued to deliver excellent organic revenue growth of 10.0%.

The underlying margin has increased by around 20 basis points, before absorbing the £15 million impact of the Japanese earthquake. The reported operating margin decreased by 20 basis points to 7.1%.

We are continuing to see good levels of new business wins across most countries in the region. For example, in China, we have recently been awarded the foodservice contracts with Dow Chemicals for their Shanghai operation, and with Tencent, one of China's largest Internet service portal providers. In Colombia, we have won a new multi-service contract with Philip Morris International (Coltabaco) and we have also renewed our contract with one of the leading healthcare institutions in Colombia, the Clínica del Country. In India, we have been awarded a contract by Dell to provide foodservices at its location in Bangalore and in Argentina, we have renewed our contract at the Minera Alumbrera copper and gold mine, operated by Xstrata Copper.

Double digit organic revenue growth in Australia has been driven by strong levels of new business wins and like for like revenue growth, in particular in the remote site business. We have been awarded a new contract by BHP Billiton to manage and operate the Warrawandu village as part of the Jimblebar mine construction project in the Pilbara. In Education, we have won a contract to provide foodservices to Scotch College in Western Australia, a prestigious independent school. Further margin improvement has been delivered through management of labour scheduling and the supply chain.

In Japan, the tragic events of the earthquake and tsunami in March caused disruption to parts of the country's manufacturing base and like for like volumes in Business & Industry and Sports & Leisure have therefore been well below normal levels in the second half of the year. Our supply chain was significantly impacted and we have worked hard to reduce costs and hence mitigate the profit impact of the reduction in revenue, to around £15 million, which is below our initial estimates. It is likely to take a further 12 months to return to pre-earthquake run rates for the business.

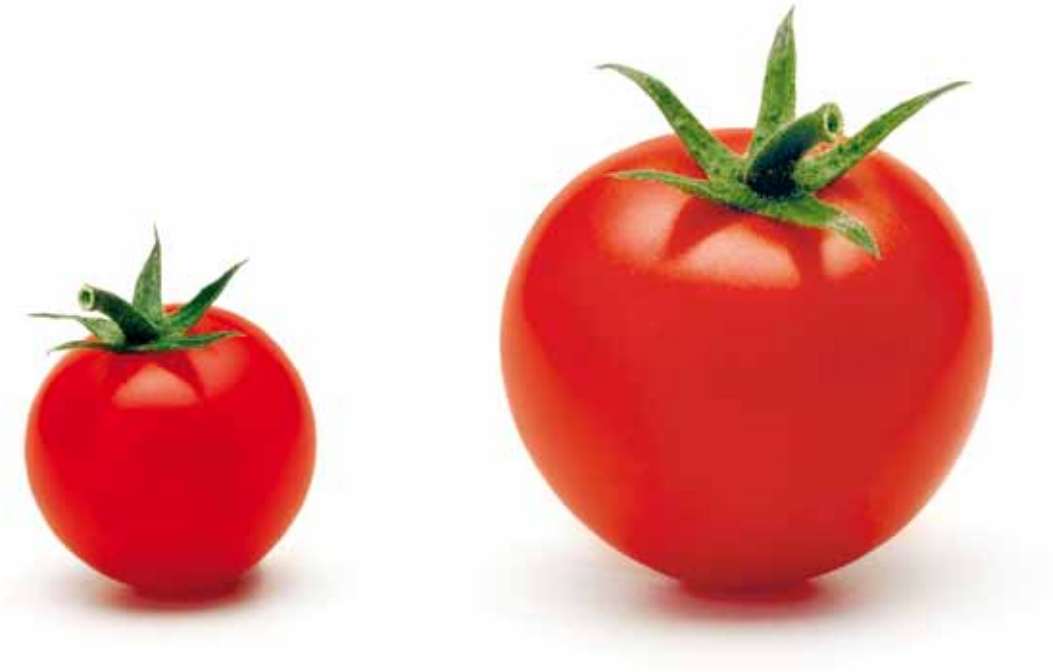
In Brazil, excellent new business wins and a focus on retention have delivered double digit organic revenue growth. The pipeline continues to look strong. The acquisition of the support services specialist Clean Mall last year has contributed to new contract wins with Ericsson for support services where we already provided foodservices.

In South Africa, we have achieved encouraging levels of new business. We have recently been awarded new contract wins by the Stellenbosch Academy of Sport to provide multi-services at their professional rugby training complex and by Nokia Siemens Networks to provide foodservices at their Centurion building. In addition, we have renewed our foodservices contract with Nedbank, a client for 10 years, through demonstrating innovation and green initiatives.

Our UAE based business has seen good levels of new business and excellent retention rates to deliver double digit organic growth, with good growth in support services in the Business & Industry and Education sectors.

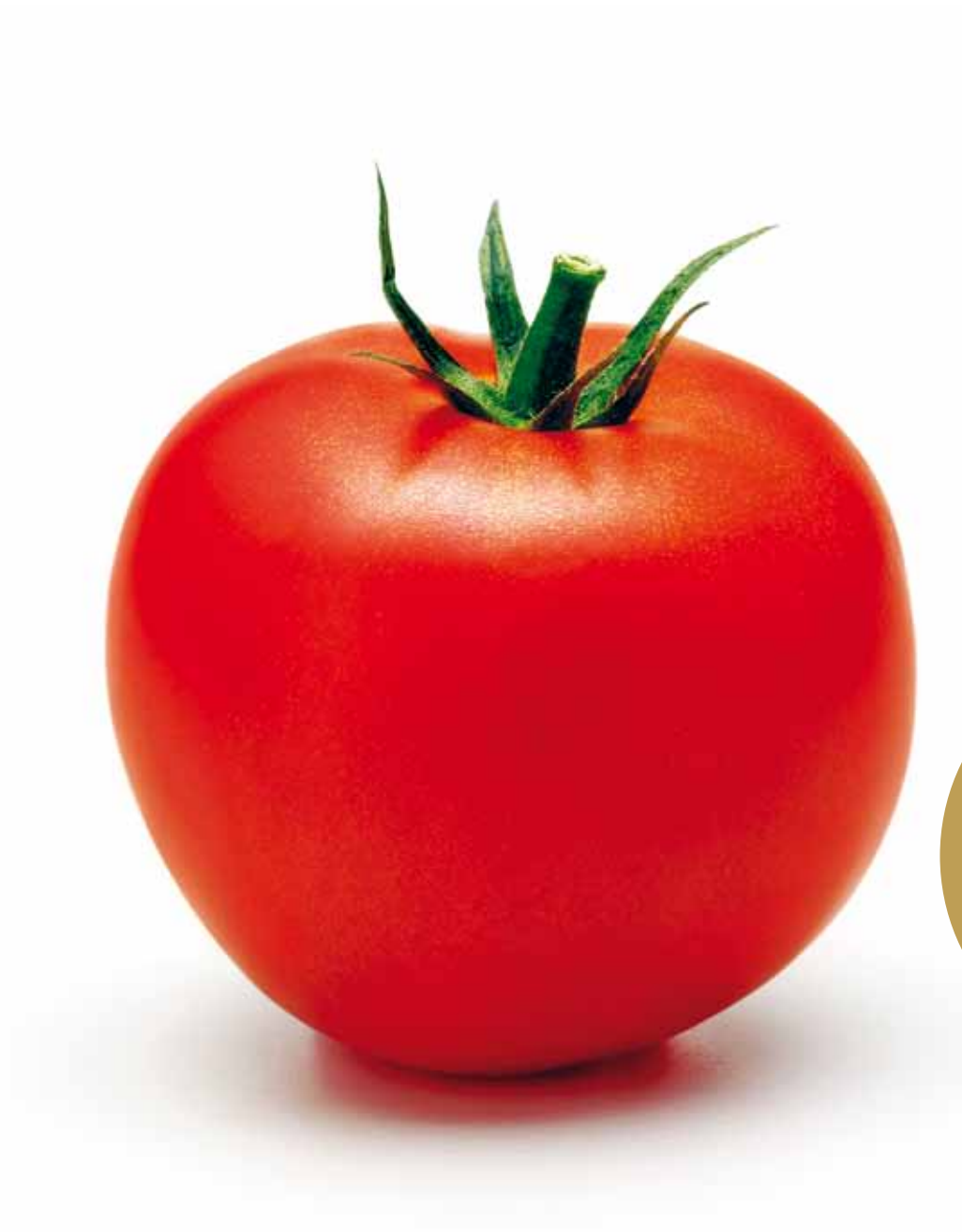
Our businesses serving the energy and extraction sectors, which have a focus on blue chip international clients, have continued to deliver solid organic revenue growth and maintained excellent retention rates.

Our strong preference is for small to medium-sized infill acquisitions in both food and support services.



Accelerating through acquisition

The strength of our balance sheet underpins our confidence in pursuing infill acquisitions. We are supplementing our good organic growth with strategic and value creating acquisitions across the world.



£426m

spent on infill acquisitions

Compass in India

Many economists predict that India will become the third largest economy in the world by 2050, behind China and the US. Recognising its importance as a high growth market, we have invested in both our organic growth and in supplementing that growth with infill acquisitions. In the last three years, we have acquired four foodservice businesses to build our capability across regions and sectors. In addition, we have also bought a support services business, which gives us a good presence in that fast growing market. All of these acquisitions have been relatively small but strategically important and value creating. To date, the business has grown organically by over 100% and we now have around 10,000 employees operating in nearly 300 client sites across the country. With eight regional offices covering 44 cities, we have a strong geographical presence throughout the country servicing both large Indian companies and the growing number of international blue chip clients with a presence in India.





A strong financial performance

We have had another good year in which we have delivered further progress in operating profit and strong free cash flow generation.



Andrew Martin
Group Finance Director

Financial summary

	2011	2010	Increase
Continuing operations			
Revenue			
Constant currency	**£15,833m**	£14,504m	9.2%
Reported	**£15,833m**	£14,468m	9.4%
Organic growth	**5.4%**	3.2%	–
Total operating profit			
Constant currency	**£1,091m**	£1,005m	8.6%
Underlying	**£1,091m**	£1,003m	8.8%
Reported	**£1,016m**	£989m	2.7%
Operating margin			
Constant currency	**6.9%**	6.9%	–
Underlying	**6.9%**	6.9%	–
Reported	**6.4%**	6.8%	(40)bps
Profit before tax			
Underlying	**£1,020m**	£922m	10.6%
Reported	**£958m**	£913m	4.9%
Basic earnings per share			
Underlying	**39.0p**	35.7p	9.2%
Reported	**36.4p**	35.3p	3.1%
Free cash flow	**£693m**	£744m	(6.9%)
Total Group including discontinued operations			
Basic earnings per share	**38.5p**	36.0p	6.9%
Full year dividend per ordinary share	**19.3p**	17.5p	10.3%

Segmental performance

	Revenue		Revenue growth		
	2011 £m	2010 £m	Reported	Constant currency	Organic
Continuing operations					
North America	**6,849**	6,369	7.5%	10.1%	7.4%
Continental Europe	**3,717**	3,506	6.0%	5.2%	0.9%
UK & Ireland	**1,951**	1,782	9.5%	9.5%	(0.1)%
Rest of the World	**3,316**	2,811	18.0%	11.7%	10.0%
Total	**15,833**	14,468	9.4%	9.2%	5.4%

	Operating profit		Margin	
	2011 £m	2010 £m	**2011 %**	2010 %
Continuing operations				
North America	**538**	491	**7.9**	7.7%
Continental Europe	**259**	248	**7.0**	7.1%
UK & Ireland	**114**	114	**5.8**	6.4%
Rest of the World	**234**	204	**7.1**	7.3%
Unallocated overheads	**(60)**	(60)	**–**	–
Excluding associates	**1,085**	997	**6.9**	6.9%
Associates	**6**	6	**–**	–
Underlying	**1,091**	1,003	**6.9**	6.9%
Amortisation of fair value intangibles	**(12)**	(7)		
Acquisition transaction costs	**(9)**	(5)		
Adjustment to contingent consideration on acquisition	**1**	–		
Share-based payments expense – non-controlling interest call option	**–**	(2)		
UK re-organisation	**(55)**	–		
Total	**1,016**	989		

1 Constant currency restates the prior year results to 2011's average exchange rates.
2 Total operating profit includes share of profit of associates.
3 Underlying operating profit and margin excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option.
4 Operating margin is based on revenue and operating profit excluding share of profit of associates.
5 Underlying operating margin excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option.
6 Underlying profit before tax excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option, hedge accounting ineffectiveness and the change in fair value of investments and non-controlling interest put options.
7 Underlying basic earnings per share excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, share-based payments – non-controlling interest call option, hedge accounting ineffectiveness, the change in fair value of investments and non-controlling interest put options, gain on remeasurement of joint venture interest on acquisition of control and the tax attributable to these amounts.
8 Organic growth is calculated by adjusting 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.

Revenue

Overall, organic revenue growth for the year was 5.4%, comprising new business of 8.8%, a retention rate of 94.2% and like for like growth of 2.4%. Acquisitions less disposals increased revenue by 3.8% and the weakening of Sterling, in particular against the Australian Dollar and Brazilian Real, increased reported revenues by 0.2%, resulting in reported revenue growth of 9.4%.

11	**£15,833m**
10	£14,468m
09	£13,444m

Operating profit

Underlying operating profit from continuing operations was £1,091 million (2010: £1,003 million), an increase of 8.8%. On a constant currency basis, underlying operating profit increased by £86 million (8.6%).

Operating profit, after the UK re-organisation costs of £55 million (2010: £nil), amortisation of intangibles arising on acquisition of £12 million (2010: £7 million), acquisition transaction costs of £9 million (2010: £5 million), adjustment to contingent consideration on acquisition of £1 million credit (2010: £nil) and share-based payments expense – non-controlling interest call option £nil (2010: £2 million), was £1,016 million (2010: £989 million).

11	**£1,091m**
10	£1,003m
09	£884m

Operating margin

The underlying operating profit increased by £86 million, or 8.6%, on a constant currency basis. This has resulted in an underlying operating margin of 6.9%, consistent with last year.

11	**6.9%**
10	6.9%
09	6.5%

North America

43.3% Group revenue (2010: 44.0%)

Our North American business has delivered an excellent performance. Revenues have grown by 7.4% on an organic basis and the ongoing efficiency initiatives have contributed to a full year operating margin improvement of 20 basis points.

Continental Europe

23.5% Group revenue (2010: 24.2%)

Economic conditions in parts of Continental Europe have remained quite challenging during the year. Whilst we have seen good levels of new business, like for like revenue trends have remained difficult. Overall, organic revenue growth of 0.9% is slightly ahead of last year. Management of the flexible cost base and ongoing efficiency gains have resulted in an underlying operating margin improvement of around 20 basis points, before the impact of circa £12 million of restructuring costs associated with acquisitions.

UK & Ireland

12.3% Group revenue (2010: 12.3%)

Despite challenging economic conditions continuing to impact like for like volumes in Business & Industry, we have continued to see some progressive improvement in organic revenue trends in the UK & Ireland business, from a 3.3% decline last year to broadly flat this year. The improvement is driven predominantly by a higher rate of retention where we have invested in both the process and the team. There remains an ongoing focus on costs, both to mitigate the impact of reduced volumes and to integrate the recent acquisitions.

Rest of the World

20.9% Group revenue (2010: 19.5%)

Our Rest of the World businesses have continued to deliver excellent organic revenue growth of 10.0%. The underlying margin has increased by around 20 basis points, before absorbing the £15 million impact of the Japanese earthquake. The reported operating margin decreased by 20 basis points to 7.1%.

Regional reviews

Additional information on the performance of each region can be found in the regional reviews on pages 18 to 21.

Unallocated overheads

Unallocated overheads for the year were £60 million (2010: £60 million), reflecting continued good controls over central costs as the business grows.

Finance costs

The underlying net finance cost was £71 million (2010: £81 million), including a £14 million (2010: £15 million) charge relating to the pension deficit. This reflects a lower average cost of borrowing compared to last year. At current exchange rates, we now expect the underlying net finance cost for 2012 to be around £85 million. This includes a £15 million charge relating to the pension deficit and around £15 million of short-term inefficiencies having raised $1 billion (£625 million) of new monies in the US Private Placement market in September 2011, ahead of the scheduled repayment of £614 million of loans in May 2012. The £85 million excludes any additional financing cost relating to the £500 million share buy back.

Other gains and losses

Other gains and losses include a £5 million cost (2010: £4 million credit) relating to hedge accounting ineffectiveness, a £2 million credit (2010: £1 million credit) impact of revaluing investments and non-controlling interest put options and £16 million (2010: £nil) gain on remeasurement of our existing joint venture interest in Turkey following acquisition of control.

Profit before tax

Profit before tax from continuing operations was £958 million (2010: £913 million).

On an underlying basis, profit before tax from continuing operations increased by 11% to £1,020 million (2010: £922 million).

Income tax expense

Income tax expense from continuing operations was £264 million (2010: £246 million).

On an underlying basis, the tax charge on continuing operations was £276 million (2010: £248 million), equivalent to an effective tax rate of 27% (2010: 27%). We now expect the tax rate to average out around the 26% level in the short to medium-term, reflecting in part that there are a few corporate tax rates around the world that are decreasing.

Discontinued operations

The profit after tax from discontinued operations of £40 million (2010: £13 million) principally arose on the release of provisions now deemed surplus (including income tax provisions).

Basic earnings per share

	Attributable profit		Basic earnings per share		
	2011 £m	2010 £m	**2011 pence**	2010 pence	Change %
Reported	**728**	675	**38.5**	36.0	7%
Discontinued operations	**(40)**	(13)	**(2.1)**	(0.7)	
Other adjustments	**50**	7	**2.6**	0.4	
Underlying	**738**	669	**39.0**	35.7	9%

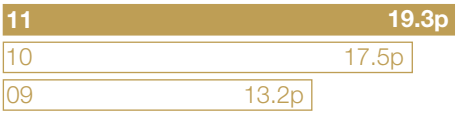
Basic earnings per share, including discontinued operations, were 38.5 pence (2010: 36.0 pence).

On an underlying basis, excluding discontinued operations, the basic earnings per share from continuing operations were 39.0 pence (2010: 35.7 pence).



Dividends

It is proposed that a final dividend of 12.8 pence per share will be paid on 27 February 2012 to shareholders on the register on 27 January 2012. This will result in a total dividend for the year of 19.3 pence per share (2010: 17.5 pence per share), a year on year increase of 10.3%.



The dividend is covered just over 2 times on an underlying earnings basis and 1.9 times on a free cash basis.

Free cash flow

Free cash flow from continuing operations totalled £693 million (2010: £744 million).



Gross capital expenditure of £372 million (2010: £334 million), including amounts purchased by finance lease of £2 million (2010: £3 million) and capital creditors £nil (2010: £2 million), is equivalent to 2.3% of revenues (2010: 2.3% of revenues). We currently expect the ratio of gross capital expenditure for 2012 to be at a similar level. Proceeds from the sale of assets were £30 million and we expect these will be minimal in 2012.

Working capital continues to be well managed. At the end of 2010 we had the benefit of some cut-off timing differences, which accounted for an estimated £74 million of the free cash flow of £744 million. At the start of 2011, we had a reversal of these cut-off timing differences. Over the last two years, we have delivered an inflow of £29 million in total. We believe that there remains further scope for improvement, averaging out over time at neutral to a small inflow.

The cash tax rate for the year was 20% (2010: 22%), based on underlying profit before tax for the continuing operations, benefiting from one or two large refunds received in the year. We currently expect the cash tax rate to average out around the 26% level for the short to medium term.

The net interest outflow for the year was £55 million (2010: £72 million).

Free cash flow from discontinued operations was an outflow of £6 million (2010: £3 million inflow).

Acquisition payments

Spend on acquisitions in the year totalled £426 million. This includes £352 million on infill acquisitions (including £91 million on the remaining 50% of Sofra Yemek Üretim Ve Hizmet Anouim Şirketi in Turkey, £57 million on Coffee Distributing Corp and BW HLS Holdings, Inc in the USA, £51 million on Elior Nederland BV, £30 million on the business and assets of Marquise Facilities Corporation & MHC Services Corporation in Canada and £11 million on PPP Infrastructure Management Limited in the UK), £47 million on interests in associates (including a 49% share in AEG Facilities, LLC in the USA), £18 million deferred consideration and other payments relating to previous acquisitions and £9 million of acquisition transaction costs.

Since the year end, we have committed a further £90 million to acquisitions, including the Obasan Gıda İnşaat Sanayi ve Ticaret Anonim Şirketi food business in the fast growing Turkish market and Integrated Cleaning Management Limited in the UK, a high quality cleaning business.

Disposals

There were no payments made in respect of businesses disposed of or discontinued in prior years (2010: £9 million), and £3 million (2010: £nil) tax on profits from sale of subsidiary companies and associated undertakings.

Proceeds from issue of share capital

The Group received cash of £31 million in the year (2010: £97 million) from the issue of shares following the exercise of employee share options.

Return on capital employed

Return on capital employed was 19.9% (2010: 20.3%) based on continuing operations, excluding the Group's non-controlling partners' share of total operating profit, net of tax at 27% and using an average capital employed for the year of £3,979 million (2010: £3,591 million) calculated from the balance sheet.

Pensions

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 total pension fund deficit at 30 September 2011 was £292 million (2010: £389 million). The total pensions charge for defined contribution schemes in the year was £58 million (2010: £54 million) and £35 million (2010: £37 million) for defined benefit schemes. Included in the defined benefit scheme costs was a £14 million charge to net finance cost (2010: £15 million).

During the year we completed the April 2010 actuarial valuation of the two UK pension schemes. We have also now merged the two schemes, simplifying the administration, and made a £50 million payment towards the combined April 2010 actuarial valuation deficit of £178 million. The Group currently pays approximately £25 million each year into the UK pension plan in excess of the income statement charge, in order to address the outstanding actuarial deficit.

Financial position

The ratio of net debt to market capitalisation of £9,886 million as at 30 September 2011 was 8% (2010: 6%).

At the end of the year, net debt was £761 million (2010: £621 million).

At 30 September 2011, following a US$1 billion private debt placement, the Group had cash reserves of £1,110 million. In addition, the Group had an undrawn bank facility of approximately £700 million, committed through to 2016.

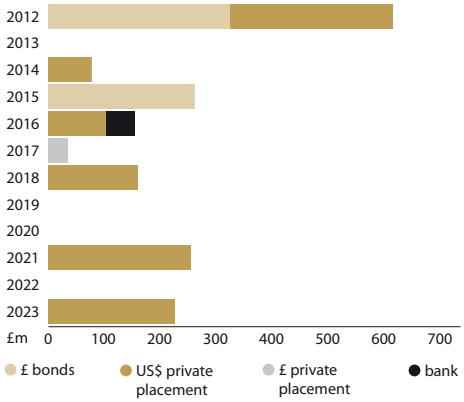
Looking forward, £614 million of bonds and private placement debt are due to be repaid during the 2012 financial year and it is envisaged that these will be repaid from cash reserves. With strong ongoing free cash flow generation, the Group believes that it is in a solid financial position.

The EBIT to net interest ratio has increased from 5.6 times in 2006 to 15.2 times in 2011 and EBITDA to net interest has increased from 8.2 times to 19.2 times in the same period. This is adjusted where necessary for covenant definitions and includes the share of profits of associates and discontinued operations, but excludes the amortisation of intangibles arising on acquisition, hedge accounting ineffectiveness and the change in fair value of non-controlling interest put options. The Group remains committed to maintaining strong investment grade credit ratings. Following the £500 million share buy back as announced, the Group expects to retain its current credit ratings (A- with Standard & Poor's and Baa1 with Moody's) and an appropriate level of financial flexibility.

Liquidity risk

The Group finances its borrowings from a number of sources including banks, the public markets and the private placement markets. The maturity profile of the Group's principal borrowings at 30 September 2011 shows the average period to maturity is 4.8 years.

Maturity profile of principal borrowings
as at 30 September 2011



1 Based on borrowings and facilities in place as at 30 September 2011, maturing in the financial year ending 30 September.
2 The average life of the Group's principal borrowings as at 30 September 2011 is 4.8 years (2010: 2.7 years).

The Group's undrawn committed bank facilities at 30 September 2011 were £700 million (2010: £696 million).

Financial instruments

The Group continues to manage its foreign currency and interest rate exposure in accordance with the policies set out below. The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

Foreign currency risk

The Group's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary to implement this policy, forward currency contracts and cross currency swaps are taken out which, when applied to the actual currency liabilities, convert these to the required currency. A reconciliation of the 30 September 2011 actual currency liabilities to the effective currency borrowed is set out in note 20 of the consolidated financial statements. The borrowings in each currency give rise to foreign exchange differences on translation into Sterling. Where the borrowings are either less than, or equate to, the net investment in overseas operations, these exchange rate movements are treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the income statement. Non-Sterling earnings streams are translated at the average rate of exchange for the year. This results in differences in the Sterling value of currency earnings from year to year. The table in note 35 of the consolidated financial statements sets out the exchange rates used to translate the income statements, balance sheets and cash flows of non-Sterling denominated entities.

Interest rate risk

As detailed above, the Group has effective borrowings in a number of currencies and its policy is to ensure that, in the short-term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps so that at least 80% of its projected net debt is fixed for one year, reducing to 60% fixed for the second year and 40% fixed for the third year.

Other 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 Company and its shareholders.

The principal risks and uncertainties facing the business and the activities the Group undertakes to mitigate these are set out in the section headed 'Recognising and mitigating risk' on pages 30 to 31.

Shareholder return

The market price of the Group's ordinary shares at the close of the financial year was 521.00 pence per share (2010: 530.50 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 20 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.

Andrew Martin
Group Finance Director
23 November 2011

Reinvesting for growth

The continued delivery of significant efficiency gains is enabling us to drive margin improvement as well as to reinvest in the exciting growth opportunities we see around the world.

94%+
Group retention rate



Increasingly, we're seeing countries share best practice across the world and we've invested more in resource and training to support this.





Strategic Alliance Group

Encouragingly, this year we have seen an improvement in the rate of retention in over 70% of comparable countries. So, how have we achieved this? Our best practice retention framework is based on a simple model created by our business in the USA, which we call the 'Strategic Alliance Group'. It is a semi-independent team that focuses solely on retention, firstly, by interviewing clients to determine how we can improve our quality and service and, secondly, by proactively renegotiating contracts. This process is systematic and well defined. Where we adopt this model, we consistently see improvement and we're optimistic that the ongoing rollout of this approach will result in a better retention performance across the Group.

Recognising and mitigating risk

The identification of risks and opportunities is a core activity throughout the Group.

The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting its employees and customers and safeguarding the interests of the Company and its shareholders.

As set out on pages 47 to 49 of the Corporate Governance section, the Group has policies and procedures in place to ensure that risks are properly 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 exploit the opportunities, and the continual monitoring of progress against agreed Key Performance Indicators ('KPIs') is an integral part of the business process, and a core activity throughout the Group.

Control is exercised at a Group and business level through MAP, the Group's Management and Performance framework, monthly monitoring of performance by comparison with budgets and forecasts and through regular business reviews with the Group Chief Executive and the Group Finance Director.

This is underpinned by a formal major risk assessment process which is an integral part of the annual business cycle. As part of the process, each of the Group's businesses is required to identify and document major risks and appropriate mitigating activities and controls, and monitor and report to management on the effectiveness of these controls on a biannual basis. Senior managers are also required to sign biannual confirmations of compliance with key procedures and to report any breakdowns in, or exceptions to, these procedures. The results are reviewed by management and the Board.

The Group also has formal procedures in place, with clearly designated levels of authority, for approving significant client contracts and capital investments as well as acquisitions. These are supported by a post-investment review process for selected acquisitions and major items of capital expenditure.

The table sets out the principal risks and uncertainties facing the business at the date of this Report and the systems and processes the Group has in place to manage and mitigate these risks. These do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this Report may also have an adverse effect on the Group.

The Group faces a number of operational risks on an ongoing basis including supply chain; information technology and infrastructure; litigation; financial and tax risk, each of which were disclosed in last year's Annual Report. We recognise that these continue to be important to the business and they continue to be reviewed. This year, however, we have sought to focus our disclosures on those risks that are considered to be more significant to the Group.

Health, safety and environment

Risk: Health and safety

Mitigation: Health and safety remains our number one operational priority. All management meetings throughout the Group feature a health and safety update as one of their top agenda items.

Risk: Food safety

Mitigation: Compass feeds millions of consumers around the world every day, therefore setting the highest standards for food hygiene and safety is paramount. The Group has appropriate policies, processes and training procedures in place to ensure full compliance with legal obligations.

Risk: Environment

Mitigation: Every day, everywhere, we look to make a positive contribution to the health and wellbeing of our consumers, the communities we work in and the world we live in. Our Corporate Responsibility statement on pages 32 to 41 describes our approach in more detail.

Clients and consumers

Risk: Client retention

Mitigation: We aim to build long-term relationships with our clients based on quality and value. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.

Risk: Service delivery and compliance with contract terms and conditions

Mitigation: The Group's operating companies contract with a large number of clients. Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the appropriate contract terms and conditions.

Risk: Changes in consumer preferences

Mitigation: We strive to meet consumer demand for quality, choice and value by developing innovative and nutritious food offers which suit the lifestyle and tastes of our consumers.

Risk: Consolidation of food and support services

Mitigation: We have developed a range of support services to complement our existing foodservice offer. These services are underpinned by the 'Compass Service Framework', our standard operating platform for support services, which gives us the capability to deliver to a consistent world-class standard globally.

Risk: Bidding risk

Mitigation: The Group's operating companies bid selectively for large numbers of contracts each year and a more limited number of concession opportunities. Tenders are developed in accordance with a thorough process which identifies both the potential risks (including social and ethical risks) and rewards, and are subject to approval at an appropriate level of the organisation.

Risk: Credit risk

Mitigation: There is limited concentration of credit risk with regard to trade receivables given the diverse and unrelated nature of the Group's client base.

People

Risk: People retention and motivation

Mitigation: The recruitment and retention of skilled employees is a challenge faced by many industries. The Group has established training and development and performance management programmes which are designed to align rewards with our corporate objectives and to retain and motivate our best people.

Risk: Succession planning

Mitigation: The Group has continued to develop succession planning as part of the development programmes for our people. The Group has a well-established employment engagement initiative, the most recent results of which are shown in our Corporate Responsibility statement on page 36.

Economic risk

Risk: Economy

Mitigation: Around 50% of our business, the Healthcare, Education and Defence, Offshore & Remote site sectors, is less susceptible to economic downturns. Revenues in the remaining 50%, the Business & Industry and Sports & Leisure sectors, are more susceptible to economic conditions and employment levels. However, with the variable and flexible nature of our cost base, it is generally possible to contain the impact of like for like volume declines.

Risk: Food cost inflation

Mitigation: As part of our MAP programme, we seek to manage food price inflation through: cost indexation in our contracts, giving us the contractual right to review pricing with our clients; menu management to substitute ingredients in response to any forecast shortages and cost increases; and continuing to drive greater purchasing efficiencies through supplier rationalisation and compliance.

Risk: Labour cost inflation

Mitigation: Our objective is always to deliver the right level of service in the most efficient way. As part of our MAP programme, we have been deploying tools and processes to optimise labour productivity and exercise better control over other labour costs such as absenteeism, overtime and third party agency spend; and to improve our management of salary and benefit costs and control labour cost inflation.

Regulatory, political and competitive environment

Risk: Political stability

Mitigation: 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.

Risk: Regulation

Mitigation: Changes to laws or regulations could adversely affect our performance. We engage with governmental and non-governmental organisations directly or through trade associations to ensure that our views are represented.

Risk: Competition

Mitigation: We operate in a competitive marketplace. The level of concentration and outsource penetration varies by country. Some markets are relatively concentrated with two or three key players, others are highly fragmented and offer significant opportunities for consolidation and penetration into the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins. We aim to minimise this by building long-term relationships with our clients based on quality and value.

Acquisitions and investments

Risk: Acquisition and investment risk

Mitigation: Capital investments and potential acquisitions are subject to appropriate levels of due diligence and approval. Post acquisition integration and performance is closely managed and subject to regular review.

Risk: Joint ventures

Mitigation: In some countries we operate through joint ventures. Procedures are in place to ensure that joint venture partners bring skills, experience and resources that complement and add to those provided from within the Group.

Fraud and compliance

Mitigation: The Group's zero tolerance based Codes of Business Conduct and Ethics govern all aspects of our relationship with our stakeholders. All alleged breaches of the Codes are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls.

Reputation risk

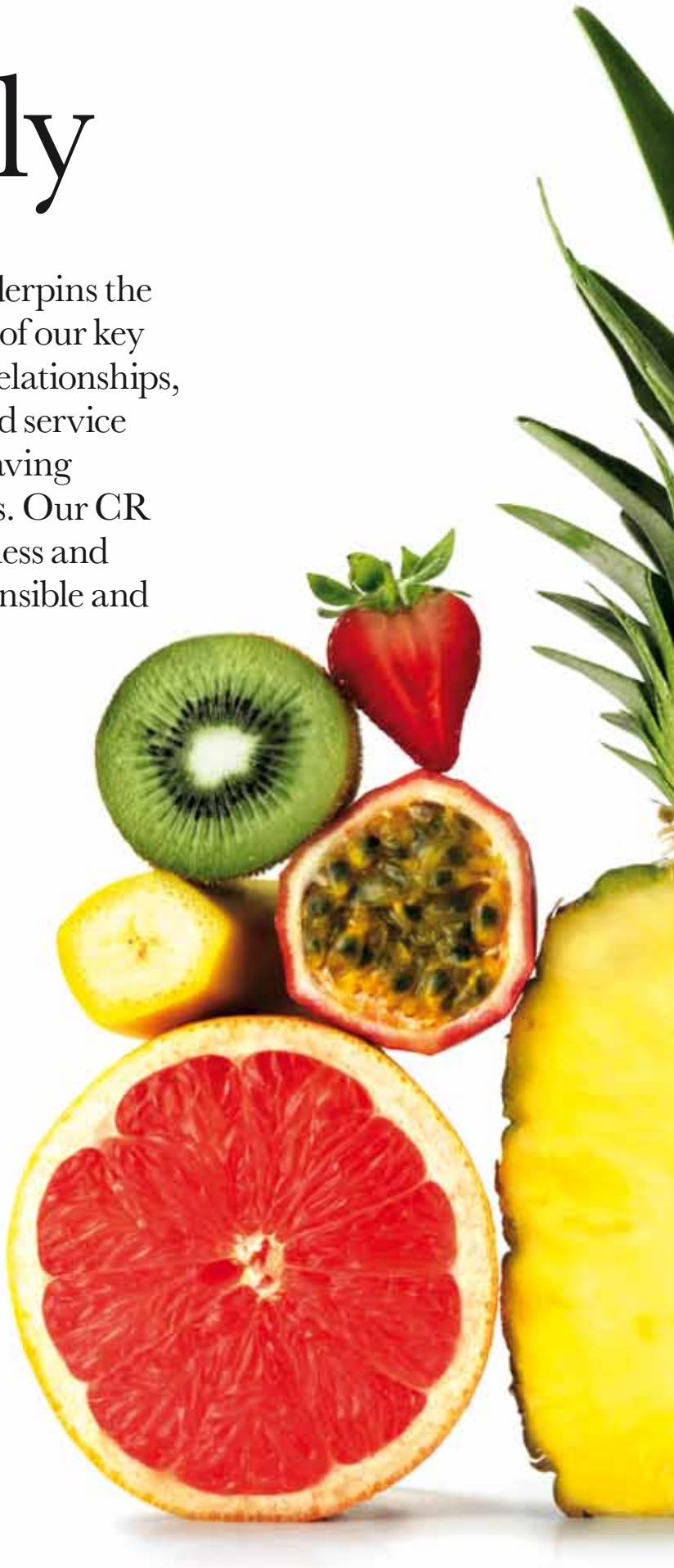
Mitigation: Our brands are amongst the most successful and best established in our industry. They represent a key element of the Group's overall marketing and positioning. In the event that our brand or reputation is damaged this could adversely impact the Group's performance. The Group's zero tolerance based Codes of Business Conduct and Ethics are designed to safeguard the Company's assets, brands and reputation.

Pensions risk

Mitigation: The Group's UK defined benefit pension schemes are closed to future accrual and to new entrants other than for transfers under public sector contracts in the UK where the Company is obliged to provide final salary benefits to transferring employees. Steps have been taken to merge the UK defined benefit schemes and to reduce the investment risk in them. Further information is set out in note 23 of the consolidated financial statements on pages 101 to 105.

Acting responsibly

Corporate Responsibility ('CR') underpins the responsible and sustainable delivery of our key business drivers of strong customer relationships, employee performance, and food and service quality, all of which depend upon having motivated and productive employees. Our CR strategy meets the needs of our business and stakeholders in a cost effective, responsible and reputable manner.



Our values:

Openness, trust and integrity
Passion for quality
Win through teamwork
Can-do
Responsibility

Find out more online at:
www.compass-group.com/CR11

Interested?



We regard CR as a long-term, sustainable approach to business that seeks benefits for all our stakeholders and we have a well established commitment to support the wellbeing of our customers, employees, suppliers, local communities and the environment. We are working hard to continually improve the positive contribution we make through our operations by the responsible use of resources, the health and wellness of our customers and the employment opportunities that we create in local communities.

Over the past year, we have continued to drive further improvement across our business, particularly in the areas of supply chain and global health and safety standards, as well as increasing the scope of our environmental performance reporting. The Board believes that the progressive integration of CR across the Group and the inclusion of broader social and environmental issues into our decision making will help us to achieve our business goals, act as a building block for growth in shareholder value and benefit the communities in which we operate.

In the past year, we have further developed our global 'CR Framework' to articulate our longer-term vision and clearly define the steps we wish our businesses to implement along their CR journey. We have shaped the content of the Framework in response to feedback from a range of stakeholders including employees, customers, investors and non-governmental organisations. They told us that they would like to see greater consistency in the way in which we implement our CR activity globally, enhanced scope to our performance reporting and better communication of our longer-term CR vision. The 'CR Framework', underpinned by a number of proven best practice initiatives from around our business, provides countries with the strategic direction, practical steps and tools necessary to deliver our Framework in practice.

A commitment to develop performance indicators

Our Key Performance Indicators ('KPIs') continue to be relevant to our business strategy and to drive the sustainable development of our business. Since we started our CR journey in 2007, we have seen continued improvement in our sustainability performance against our baseline data. This year, we have increased the scope of our environmental measurement to cover our 'Top Twenty' countries which represent 93% of total Group revenue, as well as reporting on new areas such as food waste reduction and additional people related metrics. Our latest CR performance against published targets is set out on pages 34 to 35.

Corporate culture

Governance and ethics

Our structure is underpinned by the highest levels of corporate governance. This empowers our local management teams to manage their businesses to be competitive in their marketplace, whilst operating within a strict corporate framework with clearly defined parameters. Our Codes of Business Conduct and Ethics set out our social, ethical and environmental commitments towards each of our stakeholders and the communities in which we operate.

We have a global whistle-blowing programme, 'Speak Up', which is managed by an independent company, so that our employees can raise, in confidence, any concerns they may have about how we conduct our business. This year, we have refreshed the 'Speak Up' programme to ensure that it remains relevant and that we optimise employee awareness.

Corporate Responsibility Committee

Our overall commitment to good corporate governance is overseen by the Corporate Responsibility Committee of the Board. Established in 2007, the Corporate Responsibility Committee continues to provide direction and guidance on all aspects of business practice and responsibility, ensuring consistent application wherever we operate. The Committee's primary responsibilities include: endorsement of CR policies; overseeing occupational health and food safety performance; environmental practices; business conduct and the positive promotion of employee engagement, diversity and community investment. A key focus of the Committee has been to improve the scope of our CR commitments and develop our longer-term CR vision and performance measurement.

Dow Jones Sustainability Indexes
Member 2011/12

Business in the Community AWARDS 2011
Big Tick re-accreditation

FTSE4Good

CARBON DISCLOSURE PROJECT

Our CR commitments and progress

target achieved

target remains work in progress

		Key Performance Indicator	Target 2010-2011	Performance 2010-2011
Environment	**Energy efficiency**	Reduction in energy consumption of our corporate offices • Natural Gas • Purchased Electricity	10%	
	Vehicle efficiency	Reduction in company vehicle fuel consumption (direct fuel purchased)	10%	
	Water consumption	Reduction in water consumption of our corporate offices	10%	
	General waste reporting	Compliance in waste performance reporting	100% data capture	
	Food waste	**NEW** Implement 'Trim Trax' food waste reduction programme	100% data capture	
Our customers	**Wellness and nutrition**	Improvement in the total number of operating sites providing 'Balanced Choices' (or equivalent healthy eating programme) to their customers	25% by 2012	
	Food safety	Improve our global Food Safety Incident Rate (FSIR)	% improvement	
	Supply chain assurance	Implement the new Compass Supplier Assurance Standard (including Corporate Responsibility elements)	100% implementation across 'Top Twenty' countries	
Our people	**Occupational health and safety**	Improve our global Lost Time Injury Rate (LTIR)	% improvement	
	Employee retention	Measure employee retention rate for all employees	% total employee retention Data collection relating to: % management retention % site management retention	
	Diversity	Measure number of women appointed to our global leadership team	% increase	
	Business ethics	Measure total number of concerns reported by employees globally, via 'Speak Up'	Measure and report concerns	
	Employee survey	2011 'Your Voice' survey • Improvement in participation rating • Improvement in engagement rating	 74% participation rating 72% engagement rating	

Basis for consolidation

Unless otherwise indicated, progress is reported for our 'Top Ten' countries against 2009-2010 performance. 'Top Ten' countries, as at 2008-2009, representing 81% of Group revenue: Australia, Canada, France, Germany, Italy, Japan, Netherlands, Spain, UK & Ireland and USA.



Interested?
For full details of our performance, including prior years, please visit our CR site online at:
www.compass-group.com/CR11

Review 2010-2011	Target 2011-2012
The trend across the operations is positive with improvements being achieved from the 2008 baseline. Some increases in consumption are the result of growth in business operations. We aim to review the way we normalise data metrics to address the anomaly between a growing business and showing our true gains in sustainability performance for next year's reporting.	10% reduction by 2012 (against 2007-2008 baseline)
We continue to invest in low emission and electric vehicles to reduce fuel emissions, as well as promote responsible driving behaviours.	10% reduction by 2012 (against 2007-2008 baseline)
We are making good progress in reducing our water consumption and continue to invest in water efficiency equipment and practices.	10% reduction by 2012 (against 2007-2008 baseline)
We have further improved the accuracy of our data this year including the composition of our waste by collaborating with our contractors and clients.	100% data capture
We successfully implemented our food waste reduction programme called 'Trim Trax' across our 'Top Ten' countries and will extend the scope of countries reporting for 2012.	100% implementation across 'Top Twenty' countries
We are making good progress with the implementation of healthy eating programmes. We display calorie and GDA labelling which help our consumers make informed choices towards maintaining a healthy, balanced diet.	25% improvement by 2012 (against 2007-2008 baseline)
We continue to improve our food safety performance on a global basis with strong site compliance with our global Food Safety standards.	Report % improvement
We have made good progress but have more work to do in completing the implementation across our 'Top Twenty' countries – deadline April 2012.	100% implementation across 'Top Twenty' countries by April 2012
Building on the significant performance improvement achieved and reported in 2010, we have seen our performance plateau in some countries. We are working hard to improve our safety leadership and culture to support continuous improvement throughout 2012. Sadly, we had one work-related fatality as a result of a motor vehicle accident.	Report % improvement
We achieved another year of improving employee retention on a global basis. We are working with our country HR teams to further improve our reporting systems regarding the collection of management and site management data.	Report % retention improvement
20.8% of our global leadership team positions are held by women (19.2% in 2009-2010).	Report % increase
All our countries have access to the independently operated 'Speak Up' whistle-blowing programme, which enables employees to report material concerns for review and follow-up. There is a clear escalation process in place to consider each concern raised. Where appropriate, a full investigation and remedial actions are taken.	Measure and report concerns
We are pleased to have exceeded our target for employee participation in our global 'Your Voice' survey this year. We are taking steps to improve our employee engagement performance ahead of our next global survey in 2013.	We will conduct the next 'Your Voice' survey in 2013

This year, following consultation with key stakeholders including employees, customers, non-governmental organisations ('NGOs') and financial analysts, we have increased the scope of our environmental reporting to include our 'Top Twenty' countries for greater coverage across the business. The additional ten countries' performance will be reported in 2012. Our ultimate goal is to be able to achieve reporting from all countries in which we operate.

Our people

Having well trained, motivated and productive employees is an essential component of our business model, both in terms of cost management and service delivery. Our people are ambassadors of our service and reputation and we recognise their positive contribution to our CR activities.



Our success depends on our people providing the best possible service to our customers. We employ more than 470,000 people in around 50 countries. To achieve consistency in our approach globally, we use a common management framework, 'People MAP', which details our strategy to attract, retain, develop and engage our people. To help grow our business, we must encourage our people to develop and they can only do that if we focus on nurturing their career with us and our relationship with them.

Industry recognition for our people

In 2011, Fedele Bauccio, a highly motivated and engaged employee in our US business, was recognised for his commitment and dedication. Fedele, of San Francisco-based Bon Appétit Management Company, has been named as one of ten listed honourees of the 'James Beard Leadership Award', selected for specific outstanding initiatives as well as bodies of work and lifetime achievement. Fedele received the accolade for 'his commitment to quality food and socially responsible sourcing'. Other honourees include the US's First Lady, Michelle Obama.

Employee engagement

Communication is key in all organisations and in keeping with our 'openness, trust and integrity' value, we have been running a biennial 'Your Voice' survey programme since 2007, providing our people with the opportunity to give feedback on our business. The opinion of our employees is important and the diverse feedback we receive from all levels and sectors of our business is invaluable.

This year, we achieved an impressive response rate with more than 120,000 colleagues across 42 countries responding to our 'Your Voice' survey, giving us a participation rate of 79% (2009: 71%). We are delighted that so many employees have been able to communicate their views. They told us that we have built a strong performance culture, that they are clear about what is expected of them and they receive helpful feedback from their managers on their performance.

Developing our people

Training and development programmes are important both for our employees to fulfil their potential and to help our business achieve its goals.

We believe in nurturing talent from within our business, providing experience and formal qualifications to create managers and leaders of the future. As an example, in our UK business we offer apprenticeship opportunities to all site-based employees. Since 2009, around 1,700 frontline employees have successfully completed their apprenticeships in areas such as food and beverage, hospitality, business services and facilities management.

Through our global employment brand, talent management and various learning and development programmes, we encourage our people to develop their skills and further their careers within our business. Examples of global training programmes that have helped us to embed our Management and Performance operating framework ('MAP') principles and structures deeper into our organisation are 'Mapping for Value' and 'Mapping for Action'. Collectively, these programmes have resulted in more than 7,000 employees of different levels within our organisation being trained since 2009.

Equal opportunities

We value the diversity of our people and strongly believe that the more our employees reflect the diversity of our clients and consumers, the better equipped we are to service their needs. As an example of our ongoing commitment, women now hold 20.8% of global leadership team roles, which represents a 1.6% increase compared to last year.

20%+

of global leadership roles at Compass are held by women

A safe and healthy workplace

Health and safety is our number one operational priority. A strong safety culture is important to our clients and is critical to protect the wellbeing of our colleagues and consumers. Reducing the number of incidents we have results in effective cost management through improved incident and absentee rates, with reduced costs to the business.

79%

of employees surveyed believe that we place a high priority on health and safety

We believe that everyone at Compass has a moral obligation to safeguard each other, our customers and the environment by operating a safe, injury-free and healthy workplace, serving food that is safe to eat, nutritional and which minimises our impact on the environment.

We operate a global Health, Safety and Environmental (HSE) Management System supported by policies, standards and metrics. This system underpins consistent operating standards across all of the diverse markets in which we operate, but enables countries to adapt it for local cultural or legislative needs. In our 2011 global 'Your Voice' employee survey with more than 120,000 respondents, our employees told us that they have access to the tools and training that they need to perform their job safely and well.

All management and board meetings throughout the Group feature a health and safety update as one of their top agenda items. The Corporate Responsibility Committee reviews the HSE policies annually to ensure that they continue to reflect our aims and aspirations, and meet with current legislation.

Supporting the Board is our global HSE Forum, made up of technical specialists from around the Compass globe. The Forum is responsible for defining policies, setting standards, measuring compliance and sharing best practice across the Group.

As a clear example of their commitment to making health and safety the number one priority, our team at the Pearl GTL site in Qatar reached an important safety milestone when they achieved more than six million man-hours worked with no lost-time injuries. We have over 800 employees at this site who perform a diverse range of services. Such services are delivered in a very challenging environment, to a client who demands the very highest operational standards where attention to health and safety measures is critical.

Success in Latin America

Our business in Argentina demonstrated their dedication to high standards of food safety by becoming one of the first Latin American foodservice businesses to be awarded ISO 22000: 2005 at its remote site contract in Minera Alumbrera. This achievement demonstrates their ongoing commitment to providing the highest quality service to their customers, whilst operating in a very challenging environment. The ISO 22000 standard defines and specifies requirements for developing and implementing a Food Safety Management System at each level of the food chain.

External recognition

It is highly rewarding when our commitment to health and safety is recognised externally. We were proud when our business in Australia was awarded with the 'Best Implementation of a Specific Occupational Health and Safety Management System' award, by the National Safety Council of Australia/GIO Workers Compensation National Safety Awards of Excellence, for the implementation of their employee Safety Handbook. Recognition by such a prestigious body for the integration of excellent safety practices into their operations was a great achievement.



Wellness and nutrition

By pursuing a passion for wellness and nutrition, we contribute to the health and wellbeing of our consumers. We help our clients to deliver improved employee performance and satisfaction, encouraging client retention in our business.

51%

increase in the number of sites operating healthy eating programmes



As a global foodservice company, we recognise that we have an enormous impact on what our 20+ million consumers choose to eat and drink. Our positive contribution to their diet and nutrition is our most significant impact and we are proud of the role we play in promoting health, wellness and nutrition, particularly as in some of the markets where we operate, the food we provide may be the only nutritious meal eaten by our consumers that day.

Nutritional labelling

Compass is committed to leading the way within the foodservice industry in understanding the needs of consumers and is at the forefront of providing nutritional information. Our consumers are becoming increasingly interested in the nutritional content of their food choices. We continue to roll out our healthy eating framework 'Balanced Choices' globally, providing healthy food choices across our menu offer. We give our consumers the nutritional information that they need to make informed choices. More than 11,000 sites (2010: 7,498) are now qualified to operate 'Balanced Choices'.

This year, we also launched a new healthy eating programme, 'Whole+Sum'. This innovative programme enables consumers to select a healthy and balanced meal by adding together calorie controlled food options to the value of 600 calories or less per meal. 'Whole+Sum' reflects consumer trends by combining popular world cuisine flavour profiles and comfort foods, with enough variety that they enjoy their visit to our 'Whole+Sum' station every day. Based on the success in our US business, where we already operate over 200 sites, 'Whole+Sum' is being progressively rolled out to the UK and other markets.

Responsibility deal

In the UK, we are actively supporting a Government initiative called the 'Responsibility Deal', aimed at addressing health and wellbeing within the UK population by encouraging the nation to adopt a more balanced lifestyle. As a demonstration of our commitment to the initiative, we have pledged to improve the nutritional labelling in our sites, including the introduction of calorie counts. We continue to reduce the levels of salt and artificial trans fats in the food we serve.

Fight against childhood obesity

We take our 'responsibility' value very seriously. This year, in response to growing concern over childhood obesity we have initiated a number of programmes in the Education sector. These programmes highlight the importance of educating schoolchildren and their parents on the benefits of following healthy eating habits and adopting an active lifestyle.

Launched by our Spanish business, a great example is the 'Grow with Us' campaign. The programme targets schoolchildren aged between three and twelve years and has seen 160,000 children participate across nearly 1,200 sites. Sessions such as 'Grow in Health', 'Mediterranean Lifestyle' and 'A Safe and Healthy Planet' have been promoted as part of the school meals service, improving knowledge and awareness of the benefits of a balanced, nutritional diet.

Similarly in Turkey, one of our fast growing markets, we have initiated a health and wellness programme for schoolchildren involving the production of a nutritional guidebook and story book containing nutritional information presented in a fun and engaging way. The books cover topics such as nutritional values, calorie measurement, growth charts and menu planning for specific age groups. To date, 25,000 books have been distributed to over 65 schools and 25,000 schoolchildren.

Responsible supply chain

Having a responsible supply chain is important for us to deliver the quality of foodservice that is a key business driver for Compass. As a result of our actions, we are able to build the confidence of our clients and consumers, reduce potential risks and develop sustainable relationships.

The provenance and origin of the food we purchase is a key consideration for us. We aim to purchase food only from authorised suppliers and we work closely with our supply partners to ensure that they meet our global supply chain standards. During 2011, we refreshed these global standards to ensure that they remain 'fit for purpose' in our evolving business environment, particularly our growth in emerging markets.

Reducing food miles

Logistics plays an important role in the foodservice industry and, as such, we have a responsibility to reduce our impact on the environment where we can. In 2011, we have been working hard with our suppliers to improve logistical efficiency, to increase emission savings and reduce our carbon footprint.

Our UK & Ireland business has been actively consolidating suppliers and deliveries into a centralised logistics platform. Working with our logistics partner, we are now using four 'super centres' across the UK with the capability to deliver all products to sites in a single delivery. We anticipate that the consolidated logistics platform will remove over four million food miles from our UK business, reducing our CO_2 emissions by around 6,000 tonnes a year.

Our business in Germany has achieved a 2.5 million kilometre reduction in fresh produce food miles, through an initiative that has seen them switching from a network of regional fruit and vegetable suppliers to a single logistics platform. This reduction in kilometres equates to a saving of nearly 2,000 tonnes of CO_2 per year.

Sustainable oceans

The provenance of our food is always a prime consideration, and we are proud to have a long-standing relationship with the Marine Stewardship Council ('MSC') in the certification of the fish and seafood we use.

Our team in France has achieved the accolade of becoming the first foodservice company in France to be awarded with MSC certification across its supply chain from fisheries to consumers. A robust sustainable fish and seafood policy has been developed which incorporates a number of elements such as a 'Responsible Fishing Compact' and 'Responsible Fish List', featuring those species that should be promoted, controlled or prohibited. In addition to France, we continue to improve our MSC certification coverage around the world. Countries that already operate MSC programmes include Australia, Canada, Germany, Netherlands and UK & Ireland. Our US colleagues also continue to drive up their volumes of sustainable fish and seafood, supported by the Monterey Bay Aquarium.

We are pleased to report that for the third consecutive year, our UK business was awarded the Midas Award for 'Ethical Sourcing and Fairtrade'. The award recognises industry-leading support of Fairtrade. We were commended for our ongoing dedication to Fairtrade and the significant increase in the amount of Fairtrade products we purchase and sell year on year.

In 2011, together with key global clients, we participated once again in the Supply Chain module of the Carbon Disclosure Project ('CDP'), which is designed to measure carbon risks and liabilities through the supply chain and helps us to identify opportunities to reduce our environmental impact.

1.5m

pounds (lbs) reduction in the purchase of non-sustainable seafood in the US



Environment

Our close working relationship with the agricultural industry provides us with a constant reminder that the planet has limited resources. As a consequence, our environmental programmes focus on the improved use of resources, which help us to manage our costs effectively and reduce our impact on the environment.

70%+

of countries are operating the 'Trim Trax' food waste reduction programme



Reducing our food waste

Across all of our countries, we are working hard to reduce the impact of food waste. In many countries, food waste accounts for more than 15% of the materials being sent to landfill sites and the food degradation process produces methane, a greenhouse gas that is more potent than carbon dioxide. In addition, there is also a significant economic impact from the disposal of food waste. Compass has created a sustainable programme for building employee awareness, behavioural change and minimising the impact of food waste called 'Trim Trax'.

We are pleased to report that the programme has had great success, with more than 70% of our countries now participating. This year our team in the UAE received an Environmental Award from their client, ADNOC Group Company, in recognition of the 'Trim Trax' programme operating at the Das Island site, for their significant reduction in food waste.

Environmental performance reporting

2011 represented our fourth year implementing a web-based reporting tool to track and report globally, in a consistent manner, on our greenhouse gas emissions. This year, we have extended the scope of our environmental reporting from the 'Top Ten' (83% of total revenue) to the 'Top Twenty' countries (93% of total revenue). We continue to share best practice ideas across countries to improve our environmental performance.

A great example is the 'Carbon Foodprint Toolkit'. Created by our US team, the toolkit is a solution for clients who want to lower their carbon emissions as well as their operating costs. This web-based tool is sufficiently flexible to operate across multiple sectors. It enables users to build a step by step strategy for minimising the carbon footprint of their foodservice operations.

Employee involvement

Our business in Sweden developed an innovative way of engaging employees in their environmental drive. A 'climate-friendly' competition was created, with points being awarded for environmentally-friendly travel to and from work, such as by foot or by bike. 1,300 employees took part, demonstrating how it is possible to reduce environmental energy consumption and start living a healthier lifestyle with small, everyday changes. Each month, the employee with the highest number of points receives a reward, recognising their personal contribution to reducing our carbon footprint.

Greenest employer

In Canada, our business has been listed as one of Canada's 50 Greenest Employers for the second consecutive year. This very special designation is given to employers leading the nation in creating a culture of environmental awareness in their organisations.

In 2011, we were pleased to once again participate in the Carbon Disclosure Project ('CDP') which operates in more than 60 countries around the world. This programme enables companies to measure and disclose their greenhouse gas emissions and climate change strategies so that they can set reduction targets and make performance improvements. We continue to use the feedback from the CDP to help shape our future environmental strategy and build our sustainability framework.

Compass in the community

Engaging with our communities helps us build positive, longer-term relationships with our employees, clients and consumers, encouraging improved client retention and employee engagement.



We have a strong track record in community engagement and investment, operating community-based initiatives that encourage healthy lifestyles, tackle social exclusion, improve employment chances and promote sustainability and diversity. Whilst it is not possible to list here all the projects that we are involved in, outlined below are just a few of the many good news stories from 2011. Further examples can be viewed online at www.compass-group.com/CR11.

£800,000+
raised for Cancer Research UK by our employees in the UK

Mentoring programme

A mentoring programme in Canada, launched by the Toronto Region Immigrant Employment Council brings together trainees and established professionals in occupation-specific mentoring relationships. Our colleagues are proud to be part of this programme which has facilitated over 5,800 mentoring relationships. Whilst those entering the programme have the education, experience and language skills they require to succeed in the labour market, Compass is able to offer them local insights and invaluable access to professional networks that only a one-to-one professional connection with a mentor can offer.

Our global community

2011 has been a challenging year for Japan, an important market to Compass. The catastrophic earthquake and subsequent tsunami tragically resulted in more than 15,000 people losing their lives and 5,500 seriously injured. These events had a significant personal impact on our team in Japan and their clients. Through the heroic efforts of our people, we restored our services to our clients and helped them to return to 'business as usual' as quickly as possible. We supported our employees with temporary housing and welfare provisions and despite the challenges they faced, our employees raised more than £325,000 in aid of the Red Cross fund.

In our 2010 CR report, we spoke about our involvement with the Haiti earthquake relief project. Eighteen months later the country still faces a number of challenges. Volunteers from our Crothall Environmental Services team at Florida Hospital flew to the Adventist Hospital in Haiti to teach safe hygiene practices to employees; a critical part of the care-giving process. The US business has also been heavily involved in tornado relief work this year across the USA. Both our Morrison and Chartwells businesses have donated through fund-raising initiatives and given their time working on tornado relief programmes.

We value our membership of Business in the Community ('BITC'), a UK based organisation which seeks to inspire, engage, support and challenge companies to continually improve the impact they have on society and the environment.

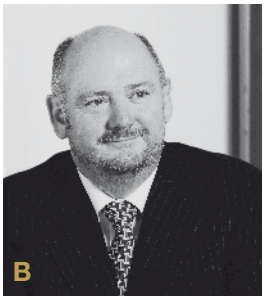
As a result of the efforts of our UK employees, we are proud to have raised over £800,000 for our partner Cancer Research UK. They will continue to support Cancer Research UK with fund-raising initiatives during 2012.

Donations

During the year to 30 September 2011 charitable donations were £5.9 million (2010: £5.8 million).

Our Board





















A | Sir Roy Gardner [3, 6]
Chairman Age 66
Appointed Chairman in July 2006 having joined as a Non-Executive Director in October 2005. Sir Roy is a senior advisor to Credit Suisse, a Non-Executive Director of Willis Group Holdings plc, Chairman of Mainstream Renewable Power Limited, Chairman of the Advisory Board of the Energy Futures Lab of Imperial College London, President of Carers UK, Chairman of the Apprenticeship Ambassadors Network, Chairman of EnServe Group Limited and a Director of Cilantro Jersey Limited. He was formerly Chief Executive of Centrica plc and Chairman of Plymouth Argyle Football Club, Manchester United plc, Connaught plc and a Director of British Gas plc, GEC-Marconi Ltd, GEC plc and Laporte plc. He was also Chairman of the British Olympics Appeal Committee for the Beijing Games 2008.

B | Richard Cousins [6, 8, 9, 10]
Group Chief Executive Age 52
Appointed Group Chief Executive in 2006. Richard had previously spent six years as CEO of BPB plc, having held a number of positions with that company. His earlier career was with Cadbury Schweppes plc and BTR plc. He is a Non-Executive Director of Reckitt Benckiser Group plc, a member of the Advisory Board of Lancaster University Business School and a former Non-Executive Director of P & O plc and HBOS plc.

C | Gary Green [8, 9]
Group Managing Director – USA & Canada Age 54
Appointed to the Board in January 2007. Gary joined the Group in 1986 in a senior finance role in the UK and became a UK director in 1992. He relocated to the USA in 1994 as Chief Finance Officer of the Group's North American business and in 1999 became Chief Executive Officer. He is a chartered accountant and in 2001 received an honorary doctorate from Johnson & Wales University in the USA.

D | Andrew Martin [6, 7, 8, 9]
Group Finance Director Age 51
Appointed to the Board in March 2004. Andrew is a Non-Executive Director of easyJet plc and was previously a partner with Arthur Andersen and held senior financial positions with Forte Plc and Granada Group PLC. Following the disposal of the Hotels Division in 2001, he joined First Choice Holidays PLC as Finance Director. Andrew is an Associate of the Institute of Chartered Accountants in England and Wales and an Associate of the Chartered Institute of Taxation.

E | Sir James Crosby [4, 5, 6, 10]
Senior Independent Non-Executive Director Age 55
Appointed to the Board in February 2007. Sir James is Chairman of Misys plc, Chairman of Duncton plc and Treasurer and Trustee of Cancer Research (UK). He was formerly Chief Executive of HBOS plc, Deputy Chairman of the Financial Services Authority and a Non-Executive Director of ITV plc. He is a Fellow of the Faculty of Actuaries.

F | John Bason [1, 6, 10, 11]
Non-Executive Director Age 54
Appointed to the Board in June 2011. John is Finance Director of Associated British Foods plc. He was previously Finance Director of Bunzl plc and is a member of the Institute of Chartered Accountants in England and Wales. He is a Trustee of Voluntary Service Overseas and is Deputy Chairman of the charity Fareshare.

G | Susan Murray [2, 5, 10, 11]
Non-Executive Director Age 54
Appointed to the Board in October 2007. Susan is Non-Executive Chairman of Farrow & Ball and a Non-Executive Director of Pernod Ricard, Enterprise Inns Plc and Imperial Tobacco PLC. She is a former Non-Executive Director of Aberdeen Asset Management PLC, SSL International PLC and Wm Morrison Supermarkets PLC, former Chief Executive of Littlewoods Stores Limited and former Worldwide President and Chief Executive of The Pierre Smirnoff Company, part of Diageo plc, and a former Council Member of the Advertising Standards Authority. Susan is a Fellow of the Royal Society of Arts.

H | Don Robert [5, 6, 10, 11]
Non-Executive Director Age 52
Appointed to the Board in May 2009. Don is Chief Executive Officer of Experian plc, having joined the Board of Experian in July 2006 as part of the demerger of GUS plc. He is a Trustee of the Education and Employers Taskforce. Don was formerly Chairman of the Consumer Data Industry Association and previously held positions with First American Corporation, Credco, Inc. and US Bancorp.

I | Sir Ian Robinson [5, 6, 10, 11]
Non-Executive Director Age 69
Appointed to the Board in December 2006. Sir Ian is a former Chairman of Ladbrokes plc, Hilton Group plc and Amey plc, and a former Chief Executive of Scottish Power plc and Non-Executive Director of ASDA plc, RMC plc, Scottish & Newcastle plc and Siemens Holdings plc where he remains a member of the Advisory Board. He is a Fellow of the Royal Academy of Engineers and a Member of the Takeover Panel.

General Counsel and Company Secretary
J | Mark White [6, 7, 8, 12]
General Counsel & Company Secretary Age 51
A solicitor who joined Compass Group on 1 June 2007. Mark is Secretary to the Audit, General Business, Nomination and Remuneration Committees and is a member of the Corporate Responsibility Committee. Mark was previously Group Company Secretary and Counsel of Wolseley plc and Company Secretary of Enterprise Oil plc and Rotork plc.

1 Chairman of the Audit Committee
2 Chairman of the Corporate Responsibility Committee
3 Chairman of the Nomination Committee
4 Chairman of the Remuneration Committee
5 Member of the Audit Committee
6 Member of the Corporate Responsibility Committee
7 Member of the Disclosure Committee
8 Member of the Executive Committee
9 Member of the General Business Committee
10 Member of the Nomination Committee
11 Member of the Remuneration Committee
12 Trustee of the Compass Pension Plan and the Compass Retirement Income Savings Plan

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See this Report online at:
www.compass-group.com/annualreport11

Directors' report

The Directors submit their Annual Report and the audited consolidated accounts of the Company and its subsidiaries for the year ended 30 September 2011. The Corporate Governance Report set out on pages 46 to 52 forms part of the Directors' Report.

Principal activities and business review

Compass Group PLC is a holding company; its subsidiaries are organised into four geographic areas and these are set out on pages 4 to 5. The principal activities of the Group are the provision of contract foodservice and support services to clients in around 50 countries. Details of the development and performance of the Group's businesses during the year and an indication of likely future key performance indicators and information regarding principal risks and uncertainties are set out together with the information that fulfils the requirements of the Business Review on pages 24 to 27 and are incorporated into this Report by reference.

Results and dividends

The Group's consolidated income statement, set out on page 63, shows an increase of 2.7% in Group operating profit from £989 million to £1,016 million. An analysis of revenue and operating profit is set out on pages 74 to 75 in note 1 to the consolidated financial statements. Acquisitions made subsequent to the year end are discussed in note 34 to the consolidated financial statements on page 115. There have been no further significant post balance sheet events.

The 2011 interim dividend of 6.5 pence per share (2010: 5.0 pence) was paid to shareholders on 1 August 2011. The Directors recommend a final dividend of 12.8 pence per share (2010: 12.5 pence) making a total dividend for the year of 19.3 pence per ordinary share, an increase of 10.3% on the 17.5 pence paid in respect of last year. Payment of the recommended final dividend, if approved at the Annual General Meeting ('the AGM') to be held on 2 February 2012, will be made on 27 February 2012 to shareholders registered at the close of business on 27 January 2012. The shares will be quoted ex-dividend from 25 January 2012.

During the year, the Trustees of each of the employee benefit trusts which operate in connection with the Company's share plans waived their rights to receive dividends on any shares held by them. Details of the Trusts can be found on page 51 of this Report. The amount of dividends waived during the year ended 30 September 2011 was £54,403 (2010: £61,168).

A dividend reinvestment plan is available to eligible shareholders. Details can be found on page 126.

Future development

The Group's strategic focus continues to be on the organic development of its existing core businesses together with appropriate infill acquisitions.

Share capital

General

At the date of this Report, 1,897,640,073 ordinary shares of 10 pence each have been issued, are fully paid up and are quoted on the London Stock Exchange. In addition, the Company sponsors a Level I American Depositary Receipt programme with BNY Mellon, under which the Company's shares are traded on the over-the-counter market in the form of American Depositary shares.

During the year ended 30 September 2011, options were exercised and awards released pursuant to the Company's share option schemes and LTIP, resulting in the allotment of 11,241,181 new ordinary shares. A further 55,880 new ordinary shares have been allotted under these schemes since the end of the financial year to the date of this Report.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law, for example, insider trading law. In accordance with the Listing Rules of the Financial Services Authority, certain employees are required to seek the approval of the Company to deal in its shares.

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

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

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

More detailed information relating to the rights attaching to the Company's ordinary shares is set out on pages 24 and 25 of the Annual Report for the year ended 30 September 2007. The 2007 Annual Report is available on the Company's website at www.compass-group.com.

Repurchase of shares

At the AGM, a special resolution will be proposed to renew the Directors' limited authority to repurchase ordinary shares in the market, last granted in 2011. The authority sets the minimum and maximum prices which may be paid and it will be limited to a maximum of 10% of the Company's issued ordinary share capital at the date of this Report.

On 23 November 2011, the Company announced its intention to commence a £500 million share repurchase programme, to be executed over the 12-month period to the end of 2012.

This authority will enable your Directors to continue to execute the £500 million share repurchase referred to above and to respond promptly, should circumstances arise in which they consider such a purchase would result in an increase in earnings per share and would be in the best interests of the Company. This would also enable the Company to maintain an efficient capital structure whilst at the same time retaining the flexibility to fund further infill acquisitions.

Any purchases of ordinary shares will be by means of market purchases through the London Stock Exchange and any shares purchased may be cancelled or placed into treasury in accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003. The Company currently has no shares in treasury. The Directors consider it desirable for these general authorisations to be available to provide flexibility in the management of the Company's capital resources.

No shares were purchased in the financial years ended 30 September 2010 and 2011.

Issue of shares

At the 2012 AGM, the Directors will seek to renew the authority last granted to them at the 2011 AGM to allot equity shares up to an aggregate nominal value of £63,254,650 (representing approximately one third of the ordinary shares issued at the date of this Report) ('the section 551 authority') and, in accordance with the Association of British Insurers ('ABI') Allotment Guidelines, the Directors again propose to extend this by a further £63,254,650 (representing approximately a further one third of the Company's issued ordinary share capital) provided that such amount shall only be used in connection with a rights issue. If approved, the authority will expire no later than 15 months from the date on which the resolution is passed, or at the conclusion of the AGM to be held in 2013, whichever is the sooner.

The limited power granted to the Directors at last year's AGM to allot equity shares for cash other than pro rata to existing shareholders expires no later than 2 May 2012. Subject to the terms of the section 551 authority, the Directors recommend that this authority should be renewed. If granted, this authority will give the Directors the ability (until the AGM to be held in 2013) to issue ordinary shares for cash, other than pro rata to existing shareholders, in connection with a rights issue or up to a limit of 5% of the ordinary share capital issued at the date of this Report. In line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non prorated basis over the last three years. The Directors have no present intention to issue ordinary shares, other than pursuant to the Company's employee share schemes, and this authority will maintain the Company's flexibility in relation to future share issues, including any issues to finance business opportunities should appropriate circumstances arise.

Details of the issues of new shares made during the year, together with details of options granted over unissued capital, are set out in note 24 to the consolidated financial statements on pages 105 to 107.

Substantial shareholdings

The following major shareholdings have been notified to the Company as at the date of this Report.

	% of issued capital[1]	% of Compass Group PLC's voting rights[1]
BlackRock, Inc.	11.75	11.75

1 At the date of disclosure.

Since the disclosure date, the shareholder's interest in the Company may have changed.

Directors

Particulars of the Directors in office at the date of this Report are listed on page 42. Tim Parker retired from the Board on 31 December 2010 and, after seven years' service, Steve Lucas stepped down as a Director and Chairman of the Audit Committee on 21 June 2011. John Bason was appointed as a Director and succeeded Mr Lucas as Chairman of the Audit Committee on the same day.

In accordance with the UK Corporate Governance Code, with the exception of John Bason who will submit himself for election in line with the provisions of the Company's Articles of Association, each Director will retire and submit him or herself for re-election at the 2012 AGM and annually thereafter.

On 10 May 2011, the composition of each of the Audit, Corporate Responsibility, Nomination and Remuneration Committees was altered to comprise all of the Non-Executive Directors. Details are disclosed in the Corporate Governance Report.

Directors' interests in shares

The Directors in office on 30 September 2011 had the following interests in the ordinary shares of the Company.

	30 September 2011	1 October 2010
John Bason	**3,688**	–
Richard Cousins	**1,173,827**	1,034,611
Sir James Crosby	**34,000**	34,000
Sir Roy Gardner	**196,878**	215,878
Gary Green	**1,132,272**	1,226,669
Andrew Martin	**777,500**	620,531
Susan Murray	**10,000**	7,000
Don Robert	**30,000**	30,000
Sir Ian Robinson	**15,000**	15,000
Total number of shares held	**3,373,165**	3,183,689
Percentage of issued share capital	**0.17%**	0.17%

There were no changes to the shareholdings of those Directors in office on 30 September 2011 between 1 October 2011 and 23 November 2011.

Corporate governance

UK Corporate Governance Code compliance

The Board is committed to the highest standards of corporate governance set out in the UK Corporate Governance Code ('the Code'). The Board is accountable to the Company's shareholders for good governance and this Report, together with the Director's Remuneration Report set out on pages 53 to 60, describes how the Board has applied the main principles of good governance set out in the Code during the year under review. It is the Board's view that the Company has been fully compliant with the provisions of the Code in force during the year to 30 September 2011.

The Board

As at 30 September 2011 and as at the date of this Report, the Board of Directors was made up of nine members, comprising the Chairman, three Executive Directors and five Non-Executive Directors. John Bason was appointed as a Director of the Company on 21 June 2011. Tim Parker and Steve Lucas retired from the Board on 31 December 2010 and 21 June 2011 respectively.

Following the year end, it was announced that Dominic Blakemore would be appointed as an Executive Director with effect from 27 February 2012, and would succeed Andrew Martin as Group Finance Director on 2 April 2012. It was also announced that Mr Martin would remain as an Executive Director in the new role of Chief Operating Officer for Europe and Japan from 2 April 2012, and that Gary Green would become Chief Operating Officer, North America on the same day.

All of the Non-Executive Directors are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgment. The Board considers that each of the Non-Executive Directors brings their own senior level of experience, gained in each of their own fields, mainly in international operations.

Biographical details of the Directors currently in office are shown on page 42. The Company's policy relating to the terms of appointment and the remuneration of both Executive and Non-Executive Directors is detailed in the Directors' Remuneration Report on pages 53 to 60.

The Board meets regularly during the year as well as on an ad hoc basis, as required by business need. Each Director also attends the AGM to answer shareholder questions.

The Board manages the business of the Company and may, subject to the Articles of Association and applicable legislation, borrow money, guarantee, indemnify, mortgage or charge the business, property and assets (present and future) and issue debentures and other securities and give security, whether outright or as a collateral security, for any debt, liability or obligation of the Company or of any third party. The Board has a formal schedule of matters reserved for its decision, although its primary role is to provide entrepreneurial leadership and to review the overall strategic development of the Group as a whole. In addition, the Board sets the Group's values and standards and ensures that it acts ethically and that its obligations to its shareholders are understood and met. The Board may delegate any of its powers to any Committee consisting of one or more Directors. The Company has delegated day-to-day operational decisions to the Executive Committee referred to on page 49. The Board met nine times during the year and Director attendance for each meeting is shown in the table on page 49.

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

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

In accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team and ensures that each Director refreshes and updates his or her individual skills, knowledge and expertise. The appointment of John Bason during the year further strengthens the existing international and strategic capability of the Board.

During 2011, the Board conducted an evaluation of its performance and that of the Audit, Nomination and Remuneration Committees to ensure that they continue to be effective and that each of the Directors demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company.

The composition of the main Board Committees was reviewed and membership extended to all of the Non-Executive Directors to encourage broader discussion and to assist in the decision making process.

It is the view of the Board that each of the Non-Executive Directors brings considerable management experience and an independent perspective to the Board's discussions and they are considered to be independent of management and free from any relationship or circumstance that could affect, or appear to affect, the exercise of their independent judgment.

In light of the changes made to the Board and to the composition of the main Board Committees during the year, an independent formal external evaluation of the Board has been deferred, but will be carried out in accordance with the provisions of the Code.

Meetings between the Non-Executive Directors, both with and without the presence of the Group Chief Executive, are scheduled in the Board's annual programme. Board meetings are also regularly held at Group business locations to help all Board members to gain a deeper understanding of the business. This also provides senior managers from across the Group with the opportunity to present to the Board as well as to meet the Directors on more informal occasions.

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

Each Director has a duty under the Companies Act 2006 ('the CA 2006') to avoid a situation in which he or she has or can have a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company. This duty is in addition to the duty that he or she owes to the Company to disclose to the Board any transaction or arrangement under consideration by the Company. The CA 2006 allows directors of public companies to authorise conflicts and potential conflicts where the Articles of Association contain a provision to that effect. The Company's Articles of Association include provisions giving the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. The Board has a procedure when deciding whether to authorise a conflict or potential conflict of interest. Firstly, only independent Directors (i.e. those who have no interest in the matter under consideration) will be able to take the relevant decision. Secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

Any authorities given are reviewed at least every 15 months. The Board considered and authorised each Director's reported actual and potential conflicts of interest at its July 2011 Board meeting.

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

Following their appointment, a formal, comprehensive and tailored induction is given to all Non-Executive Directors. This includes visits to key locations within the Group and meetings with members of the Executive Committee and other key senior executives. The induction also covers a review of the Group's governance policies, structures and business, including details of the risks and operating issues facing the Group.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders. Sir James Crosby is the Company's Senior Independent Non-Executive Director. The Board believes that Sir James Crosby continues to have the appropriate experience, knowledge and independence to continue in this role.

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

The formal Terms of Reference for the main Board Committees, approved by the Board and complying with the Code, to assist in the discharge of its duties, are available from the General Counsel and Company Secretary and can also be found on the Company's website at www.compass-group.com. The Terms of Reference of the main Board Committees are reviewed annually and updated where necessary. The composition of the principal Board Committees was changed on 10 May 2011 and membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees now comprises all of the Non-Executive Directors. Details of the various Committees are shown on pages 47 to 49. The General Counsel and Company Secretary acts as Secretary to all Board Committees.

Audit Committee

The Audit Committee comprises all of the Non-Executive Directors in office at the date of this Report. Members of the Audit Committee ('the Committee') are appointed by the Board following recommendations by the Nomination Committee and the Committee's membership is reviewed by the Nomination Committee and as part of the annual Board performance evaluation.

Each member of the Committee brings relevant senior level financial experience. The expertise and experience of the members of the Committee are summarised on page 42. The Board considers that each member of the Committee is independent within the definition set out in the Code. The Committee's Chairman, John Bason, is considered by the Board to have significant, recent and relevant financial experience as Finance Director of Associated British Foods plc, as did his predecessor Steve Lucas, former Finance Director of National Grid plc.

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

The Committee meets regularly throughout the year and its agenda is linked to events in the Company's financial calendar. Each member of the Committee may require reports on matters of interest in addition to the regular items. The Committee met four times during the year and Members' attendance at the meetings is set out in the table on page 49.

The Committee invites the Group Chairman, the Group Chief Executive, the Group Finance Director, the Group Financial Controller and the Director of Group Internal Audit, together with senior representatives of the external Auditors, to attend each meeting although, from time to time, it reserves time for discussions without invitees being present. Other senior management are invited to present such reports as are required for the Committee to discharge its duties.

The Chairman of the Audit Committee attends the AGM to respond to any shareholder questions that might be raised on its activities. The remuneration of the members of the Committee is set out on page 55 and the policy with regard to the remuneration of the Non-Executive Directors is set out on page 59.

Corporate governance

The Committee assists the Board to fulfil its responsibilities related to external financial reporting and associated announcements. During the year, the Audit Committee evaluated, reviewed and monitored the following:

- the interim and annual financial statements;
- the interim and annual results' announcements made to the London Stock Exchange;
- significant accounting issues including the consideration of any goodwill impairment assessments;
- operation of the Group's 'Speak Up' whistle-blowing policy;
- the Group's internal audit function and approval of the internal audit plan;
- the effectiveness of the external audit process;
- objectivity, terms and fees of the external Auditors;
- scope of audit and non-audit services provided by the external Auditors;
- litigation and contingent liabilities; and
- tax matters, including compliance with statutory tax reporting obligations.

The Committee is also responsible for the development, implementation and monitoring of the Company's policy on external audit. The Committee reserves oversight responsibility for monitoring the Auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements. The Committee recommends the appointment, reappointment and removal of the Company's external Auditors, and considers the risks associated with their withdrawal from the market in its risk evaluation and planning. The Committee also reviews the terms, areas of responsibility and scope of the audit as set out in the external Auditors' engagement letter; the overall work plan for the forthcoming year, together with the associated fee proposal and cost-effectiveness of the audit; any major issues which arise during the course of the audit and their resolution; key accounting and audit judgments; the level of errors identified during the audit; the recommendations made to management by the Auditors and management's response; and the Auditors' overall performance. The Committee also ensures that key partners within the external Auditors are rotated from time to time in accordance with applicable UK rules. The Committee also monitors the extent of non-audit work which the external Auditors can perform, to ensure that the provision of those non-audit services that can be undertaken by the external Auditors falls within the agreed policy and does not impair their objectivity or independence. In this respect the Committee has agreed that, unless there is no other competent and available provider, the external Auditors should be excluded from providing the Company with general consultancy and all other non-audit and non-tax-related services. Engagements for non-audit services that are not prohibited are subject to formal approval by the Committee based on the level of fees involved. Non-audit services that are pre-approved are either routine in nature with a fee that is not significant in the context of the audit or are audit related services.

Within the constraints of applicable UK rules, the external Auditors undertake some due diligence reviews and provide assistance on tax matters given their in-depth knowledge of the Group's business, although assistance on these matters is also obtained from other firms. The provision of non-audit services within such constraints and the agreed policy is assessed on a case-by-case basis so that the best-placed advisor is retained. Principal non-audit services approved by the Audit Committee during the year ended 30 September 2011 comprised the provision of due diligence advice in respect of acquisitions in Turkey, Denmark and Sweden and assistance on tax matters.

Deloitte LLP were appointed as Auditors to the Company on its incorporation, and are subject to annual reappointment by shareholders. To ensure objectivity, key members of the audit team rotate off the Company's audit. During the year, the Committee reviewed Deloitte LLP's fees, effectiveness and whether the agreed audit plan had been fulfilled and the reasons for any variation from the plan. The Committee also considered its robustness and the degree to which Deloitte LLP was able to assess key accounting and audit judgments and the content of the management letter. The Committee concluded that the audit was effective and that the relationship and effectiveness of the external Auditors be kept under review. Deloitte LLP also audits significant subsidiaries of the Group.

The total fees paid to Deloitte LLP in the year ended 30 September 2011 were £6.9 million (2010: £5.4 million) of which £3 million (2010: £1.8 million) related to non-audit work. Further disclosure of the non-audit fees paid during the year ended 30 September 2011 can be found in note 2 to the consolidated financial statements on page 78.

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

The Committee also reviews the integrity of material financial statements made by the Company. The Committee monitors and reviews the effectiveness of the Group's internal control systems, accounting policies and practices and compliance controls as well as the Company's statements on internal control before they are agreed by the Board for each year's Annual Report. The Board retains overall responsibility for internal control and the identification and management of business risk.

The Company has reviewed and updated its policies in light of the enactment of the Bribery Act 2010 which came into force on 1 July 2011. The Company remains committed to the highest standards of business conduct and expects all of its employees to act accordingly.

The Group's 'Speak Up' policy (an extension of the Code of Ethics now incorporated within the Group's Code of Business Conduct which was launched in 40 languages during the year and is available on the Company's website at www.compass-group.com) was refreshed during the year and sets out arrangements for the receipt, in confidence, of complaints on accounting, risk issues, internal controls, auditing issues and related matters which would, as appropriate, be reported to the Committee, and 'Speak Up' is a standard review item on all internal work programmes. Copies of the Codes of Business Conduct and Ethics are available on the Company's website at www.compass-group.com. The Committee also receives regular updates on bribery and fraud trends and activity in the business, if any, at least twice each year with individual updates being given to the Committee, as needed, in more serious cases of alleged bribery, fraud or related activities. The Group's anti-fraud policies are a subset of the Code of Business Conduct which does not tolerate any activity involving fraud, dishonesty or deception. These policies, for which the Committee retains overall responsibility, set out how allegations of fraud or bribery are dealt with, such as by the local human resources or finance team, and the frequency of local reporting that feeds into the regular updates, which are presented to the Committee. Reporting of these matters to the Committee is

managed and overseen by internal audit. The 'Speak Up' policy operates when the complaint is received through the whistle-blowing channel and that policy will redirect the alleged fraud or bribery for investigation at the most appropriate level of the organisation which may, for example, be by a member of the local human resources team or, on occasion, the Committee itself.

Each year the Committee reviews critically its own performance and considers where improvements can be made.

Nomination Committee

The Nomination Committee comprises Sir Roy Gardner (Chairman), Richard Cousins and all of the Non-Executive Directors in office at the date of this Report.

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

During the year the Nomination Committee reviewed the structure, size and composition of the Board and its committees and made recommendations with regard to any changes considered necessary, both in the identification and nomination of new Directors and appointment of members to the Board's committees. It also assessed the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity.

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

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

The Nomination Committee retained external search consultants in respect of the appointments of John Bason and Dominic Blakemore and will do so in the future, as appropriate. The Nomination Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nomination Committee also advises the Board on succession planning for executive Board appointments although the Board itself is responsible for succession generally.

Remuneration Committee

The Remuneration Committee comprises Sir James Crosby (Chairman) and all of the other Non-Executive Directors in office at the date of this Report. The Committee met four times during the year and Directors' attendance can be found in the table opposite.

The Remuneration Committee is responsible for making recommendations on remuneration to the Board. The Directors' Remuneration Report is set out on pages 53 to 60. The Chairman of the Remuneration Committee attends the AGM to respond to any shareholder questions that might be raised on the Remuneration Committee's activities.

General Business Committee

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

Corporate Responsibility Committee

The Corporate Responsibility Committee comprises Susan Murray (Chairman), Sir Roy Gardner, Richard Cousins, Andrew Martin, Mark White (General Counsel and Company Secretary), Jane Kingston (Group Human Resources Director) and all of the Non-Executive Directors in office at the date of this Report.

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

The Committee met three times during the year and Members' attendance is shown in the table below.

Disclosure Committee

The Disclosure Committee comprises Andrew Martin, Mark White, the Group Financial Controller and the Director of Corporate Strategy, Media and Investor Relations, and meets as required to deal with all matters relating to public announcements of the Company and the Company's obligations under the Listing Rules and Disclosure and Transparency Rules of the UK Listing Authority.

Executive Committee

The Executive Committee is the key management committee and comprises the Executive Directors of the Company, General Counsel and Company Secretary, Group Human Resources Director and Group Managing Directors. The Committee meets regularly and is responsible for developing the Group's strategy and capital expenditure and investment budgets and reporting on these areas to the Board for approval, implementing Group policy, monitoring financial, operational and customer quality of service performance, health and safety, purchasing and supply chain issues, succession planning, and day-to-day management of the Group.

Meetings attendance

The following table shows the attendance of Directors in office at 30 September 2011 at meetings of the Board, Audit, Corporate Responsibility ('CR'), Nomination and Remuneration Committees during the year to 30 September 2011:

Name	Board Attendance*	Audit Committee Attendance*	CR Committee Attendance*	Nomination Committee Attendance*	Remuneration Committee Attendance*
John Bason[1]	4 of 4	1 of 1	1 of 1	1 of 1	1 of 1
Richard Cousins	9 of 9	–	3 of 3	2 of 2	–
Sir James Crosby	9 of 9	1 of 1	1 of 1	2 of 2	4 of 4
Sir Roy Gardner	9 of 9	–	3 of 3	2 of 2	–
Gary Green	9 of 9	–	–	–	–
Andrew Martin	9 of 9	–	3 of 3	–	–
Susan Murray	9 of 9	1 of 1	3 of 3	2 of 2	4 of 4
Don Robert	7 of 9	3 of 4	1 of 1	2 of 2	0 of 1
Sir Ian Robinson	9 of 9	4 of 4	1 of 1	2 of 2	1 of 1

* On 10 May 2011, the composition of each of the Audit, Corporate Responsibility, Nomination and Remuneration Committees was altered to include all of the Non-Executive Directors. The table shows the number of meetings attended out of the number of meetings which each Director was eligible to attend.
1 John Bason was appointed to the Board on 21 June 2011.

Corporate governance

Internal audit

The internal audit function is involved in the assessment of the quality of risk management and internal control and helps to promote and further develop effective risk management within the business. Certain internal audit assignments (such as those requiring specialist expertise) continue to be outsourced by the Director of Internal Audit to KPMG LLP as appropriate. The Audit Committee reviews internal audit reports and considers the effectiveness of the function.

Internal control

In a highly decentralised Group, where local management have considerable autonomy to run and develop their businesses, a well designed system of internal control is necessary to safeguard shareholders' investments and the Company's assets. The Directors acknowledge that they have overall responsibility for the Group's systems of internal control and for reviewing the effectiveness of those controls. In accordance with the guidance set out in the Turnbull Report, 'Internal Control: Guidance for Directors on the Combined Code', and in the Code itself, an ongoing process has been established for identifying, managing and evaluating the risks faced by the Group. This process has been in place for the full financial year and up to the date on which the financial statements were approved.

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

A summary of the key financial risks inherent in the Group's business is given on pages 30 to 31. Risk assessment and evaluation is an integral part of the annual planning cycle. Each business documents the strategic objectives and the effectiveness of the Group's systems of internal control. As part of the review, each significant business and function has been required to identify and document each substantial risk, together with the mitigating actions implemented to manage, monitor and report to management on the effectiveness of these controls. Senior managers are also required to sign biannual confirmations of compliance with key procedures and to report any breakdowns in, or exceptions to, these procedures. Summarised results have been presented to senior management (including to the Executive Committee) and to the Board. These processes have been in place throughout the financial year ended 30 September 2011 and have continued to the date of this Report. The Board has reviewed the effectiveness of the Group's system of internal control for the year under review and a summary of the principal control structures and processes in place across the Group is set out below.

Control environment

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

Control procedures

The Board reviews its strategic plans and objectives on an annual basis and approves Group company budgets and strategies in light of these. Control is exercised at Group and business level through the Group's Management and Performance ('MAP') framework and monthly monitoring of performance by comparison with budgets, forecasts and cash targets and by regular visits to Group businesses by the Group Chief Executive and the Group Finance Director. Group businesses approve and submit risk reports for the Board on a biannual basis, summarising the key risks facing their businesses and the controls in place to manage those risks. These reports, together with reports on internal control and departures, if any, from established Group procedures prepared by the internal and external Auditors, are reviewed by the Group Finance Director and the Audit Committee. The Group companies also submit biannual risk and internal control assurance letters to the Group Finance Director on internal control and risk management issues, with comments on the control environment within their operations. The Group Finance Director summarises these submissions for the Audit Committee and the Chairman of the Audit Committee reports to the Board on any matters that have arisen from the Committee's review of the way in which risk management and internal control processes have been applied.

The Board has formal procedures in place for approval of investment and acquisition projects, with designated levels of authority, supported by post investment review processes for selected acquisitions and major capital expenditure. The Board considers social, environmental and ethical matters in relation to the Group's business and assesses these when reviewing the risks faced by the Group. The Board is conscious of the effect such matters may have on the short and long-term value of the Company. The external Auditors of the Company and the Director of Group Internal Audit attend Audit Committee meetings and receive its papers. The Report of the Audit Committee is set out on pages 47 to 49 and the Audit Committee members meet regularly with the Director of Group Internal Audit and the external Auditors without the presence of executive management.

There were no changes to the Company's internal control over financial reporting that occurred during the year ended 30 September 2011 that have affected materially, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

Recruitment of former auditors

To safeguard the independence of the Company's external auditors and the integrity of the audit process, the recruitment of senior staff from the Company's auditors is not permitted for a period of two years after they cease to be involved in the provision of services to the Company.

Compliance statement

The Company applied all of the principles set out in the Code for the period under review and has, throughout the year, complied with the detailed provisions set out therein.

The Company's Auditors, Deloitte LLP, are required to review whether the above statement reflects the Company's compliance with the provisions of the Code specified for its review by the Listing Rules of the UK Listing Authority and to report if it does not reflect such compliance. No such report has been made.

Communication with shareholders

The Company places considerable importance on communication with its shareholders, including its private shareholders. The Group Chief Executive and the Group Finance Director are closely involved in investor relations and a senior executive has day-to-day responsibility for such matters. The views of the Company's major shareholders are reported to the Board by the Group Chief Executive and the Group Finance Director as well as by the Chairman (who remains in contact with the 10 largest shareholders) and are discussed at its meetings.

During the year, the Company introduced electronic communications as the default method of communicating with its shareholders, helping to make the Company more environmentally friendly by reducing waste and pollution associated with the printing and posting of its Annual Report. The Annual Report and Accounts are available to all shareholders and can be accessed via the Company's website at www.compass-group.com or can be obtained in paper form.

There is regular dialogue with institutional shareholders and this has been extended to include private shareholders through the AGM and meetings with the United Kingdom Shareholders' Association. Contact with institutional shareholders (and with financial analysts, brokers and the media) is controlled by written guidelines to ensure the protection of share price sensitive information that has not already been made generally available to the Company's shareholders. Contact is also maintained, when appropriate, with shareholders to discuss overall remuneration plans and policies. The Group's annual and interim results, as well as all announcements issued to the London Stock Exchange, are published on the Company's website at www.compass-group.com. The Company issues regular trading updates and interim management statements to the market and these, together with copies of interviews and presentations by the Group Chief Executive and Group Finance Director, are posted on the Company's website.

The Notice of AGM is circulated to all shareholders at least 20 working days before such meeting and it is Company policy not to combine resolutions to be proposed at general meetings. All shareholders are invited to the Company's AGM at which they have the opportunity to put questions to the Board and it is standard practice to have the Chairmen of the Audit, Corporate Responsibility, Nomination and Remuneration Committees available to answer questions. The results of proxy voting for and against each resolution, as well as abstentions, are announced to the London Stock Exchange and are published on the Company's website shortly after the meeting.

Donations

The Company's Corporate Responsibility Report is set out on pages 32 to 41. The Group's charitable donations in 2011 totalled £5.9 million (2010: £5.8 million).

Since 2004, shareholders have passed an annual resolution, on a precautionary basis, to approve donations to EU political organisations and to incur EU political expenditure (as such terms were defined under the then relevant legislation) not exceeding £125,000 per annum. The Board has consistently confirmed that it operates a policy of not giving any cash contribution to any political party in the ordinary meaning of those words and that it has no intention of changing that policy. The Directors, however, propose to renew the authority granted in 2011 for the Group to make political donations and incur political expenditure (as such terms are defined in sections 362 to 365 of the CA 2006) of not more than £125,000 in total until the Company's next AGM, which they might otherwise be prohibited from making or incurring under the terms of the CA 2006 and which would not amount to 'donations' in the ordinary sense of the word.

Employee Share Trusts

The Compass Group Employee Share Trust ('ESOP') and The Compass Group Employee Trust Number 2 ('CGET') were established on 13 January 1992 and 12 April 2001 respectively in connection with the Company's share option plans. The Compass Group Long Term Incentive Plan Trust ('LTIPT') was established on 5 April 2001 in connection with the Company's long-term incentive plans. Details of all incentive plans are set out in the Remuneration Report on pages 56 to 57. The Trustees of the ESOP, LTIPT and CGET hold 251,332 (2010: 344,655), 17,209 (2010: 17,209) and nil (2010: nil) ordinary shares respectively.

The Compass Group Executive Option Share Trust and the Compass Group Executive Share Trust were established on 15 and 22 February 2010 respectively in relation to the operation of share incentive plans in Australia. No ordinary shares are held by these Trusts.

Awards under employee share schemes

In November 2010 and May 2011, options were granted under the Compass Group Share Option Plan 2010 over 118,900 and 4,297,050 ordinary shares (2010: 4,102,900) to senior employees of the Group at option prices of 566.00 pence and 575.00 pence per share respectively.

The Company also operates an all employee share incentive plan approved by HM Revenue & Customs under which UK employees can purchase the Company's shares at market price. No Director or Person Discharging Managerial Responsibility participates in either of these plans.

Further details regarding the plans, including the total number of options outstanding, are set out in notes 24 and 25 to the consolidated financial statements on pages 105 to 110. Conditional awards over 1,360,106 shares were also made to Executive Directors and senior executives under the Compass Group Long Term Incentive Plan 2010 in November 2010 (2010: awards over 264,912 shares were made under that plan, as well as awards over 1,606,550 shares under the Compass Group Long-Term Incentive Plan). Details of these, and the total number of extant LTIP awards held by Executive Directors as at 30 September 2011, are set out on page 57 of the Directors' Remuneration Report.

Employee policies and involvement

The Group places particular importance on the involvement of its employees, keeping them regularly informed through informal bulletins and other in-house publications, meetings and the Company's internal websites, on matters affecting them as employees and on the issues affecting their performance. Those Group businesses in the European Economic Area which have domestic information and consultation processes in place, such as works councils, are able to select representatives to participate in the Compass European Council, which has been in operation since 1996 and provides a forum for exchanging information and engaging in consultation on the Group's performance and plans, and relevant transnational issues. At the date of this Report there are 22 employee representatives from 12 countries on the Compass European Council.

Corporate governance

Permanent UK employees are usually invited to join the Company's defined contribution scheme Compass Retirement Income Savings Plan ('CRISP') or the Company's stakeholder pension arrangement. CRISP has a corporate Trustee. The Chairman, Tony Allen, is independent. The other six Trustee Directors are UK-based employees of the Group, three of whom have been nominated by CRISP members.

However, those UK employees who transfer from the public sector under the Transfer of Undertakings (Protection of Employment) Regulations 2006 are eligible to join the Compass Group Pension Plan ('the Plan'), a defined benefit pension arrangement which is otherwise closed to new entrants. The Plan also has a corporate Trustee. The Chairman, Peter Morriss, is independent. There are a further six Trustee Directors who are either UK-based employees or former employees of the Group, three of whom have been nominated by Plan members.

A closed defined benefit arrangement was also in place during the year under the Compass Pension Scheme ('the Scheme'). On 5 April 2011, following consultation, the Scheme was merged into the Plan and all members transferred to the Plan. Further details of the merger are shown in note 23 to the consolidated financial statements on page 101 of this Report.

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

Employees are offered a range of benefits depending on the local environment, such as private medical cover. Priority is given to the training of employees and the development of their skills is of prime importance. Employment of disabled people is considered on merit with regard only to the ability of any applicant to carry out the role. Arrangements to enable disabled people to carry out the duties required will be made if it is reasonable to do so. An employee becoming disabled would, where appropriate, be offered retraining. The Group continues to operate on a decentralised basis. This provides the maximum encouragement for the development of entrepreneurial flair, balanced by a rigorous control framework exercised by a small head office team. Local management teams are responsible for maintaining high standards of health and safety and for ensuring that there is appropriate employee involvement in decision making.

Creditor payment policy

All Group companies are responsible for establishing terms and conditions with their suppliers and it is Group policy that payments are made within such agreed terms and conditions. The amount of trade creditors for the Group as at 30 September 2011 was equivalent to 69 days (2010: 63 days) of trade purchases.

Shareholder services

The Share Portal is a service offered by our Registrars, Capita Registrars, which allows shareholders online access to a range of shareholder information. The Share Portal provides access to details of shareholdings in the Company and practical help on transferring shares and updating personal details. It enables shareholders to register to receive shareholder communications electronically and it also enables shareholders to appoint proxies to attend and vote at general meetings of the Company. To register, shareholders should go to www.capitashareportal.com and follow the instructions provided. Shareholders will need their investor code when registering for the Share Portal. This can be found on your share certificate.

The Company's ordinary shares can be traded through most banks, building societies, stockbrokers or 'share shops' in the UK and, in addition, Capita Registrars provides a share dealing service (maximum deal size £25,000) which is available to shareholders resident in the UK, EEA, Channel Islands and the Isle of Man. This is a simple and convenient way to buy and sell shares over the telephone and on the Internet without the need to pre-register and complete application forms. Details of this service and other shareholder services can be found in the General Shareholder Information section on page 126 of this Report or on the Company's website at www.compass-group.com.

CREST

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

Auditors

Deloitte LLP have expressed their willingness to continue as Auditors of the Company. Separate Resolutions proposing their reappointment and determination of their remuneration will be proposed at the 2012 AGM. The Directors confirm that, so far as they are each aware, there is no relevant audit information of which Deloitte LLP are unaware and each Director has taken all the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that Deloitte LLP are aware of that information.

AGM

The Notice of Meeting setting out the Resolutions to be proposed at the AGM to be held on 2 February 2012, together with explanatory notes, is set out on pages 128 to 134 of this Annual Report and is also available on the Company's website at www.compass-group.com. The Directors consider that each of the Resolutions is in the best interests of the Company and the shareholders as a whole and recommend that shareholders vote in favour of all of the Resolutions.

On behalf of the Board



Mark J White
General Counsel and Company Secretary
23 November 2011

Compass Group PLC
Registered in England and Wales No. 4083914

Directors' Remuneration Report

The Board presents its Remuneration Report, which has been prepared on the recommendation of the Remuneration Committee ('the Committee') and in accordance with the requirements of the Companies Act 2006 ('the CA 2006'). Shareholders will be invited to approve the Report at the Annual General Meeting ('the AGM') on 2 February 2012. The Report covers the following matters:

- Executive remuneration policy for the year ended 30 September 2011 and the intended policy for the year ending 30 September 2012; and
- Directors' remuneration, incentive plan participation and pension provision.

With the exception of the annual performance related award, service agreement details, disclosure of remuneration of other senior executives and external directorships, the information set out on pages 53 to 60 of this Remuneration Report represents the auditable disclosures referred to in the Auditor's Report on page 62 as specified by the UK Listing Authority and under Regulation 11 of and Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

Role of the Committee

The Board sets the Company's remuneration policy and the Committee is responsible, within the authority delegated by the Board, for determining specific remuneration packages and the terms and conditions of employment for the members of the Executive Committee, which comprises the Executive Directors and other senior executives. The Committee ensures that the members of the Executive Committee are provided with the appropriate incentives to enhance the Group's performance and to reward them for their personal contribution to the success of the business. The Committee reviews the remuneration arrangements for Group employees whose salaries exceed a specified level and administers the Company's share incentive plans. The Committee also determines the Chairman's remuneration although the Board itself determines the level of fees paid to the Non-Executive Directors. No Directors are involved in deciding their own remuneration.

The Committee also maintains an active dialogue with shareholder representatives and its full Terms of Reference are set out on the Company's website at www.compass-group.com.

Membership of the Committee

The Committee consists entirely of independent Non-Executive Directors, as defined in the UK Corporate Governance Code ('the Code'). During the year the Committee comprised the following Non-Executive Directors:

Sir James Crosby
(Chairman, Senior Independent Non-Executive Director)
John Bason (appointed 21 June 2011)
Steve Lucas (retired 21 June 2011)
Susan Murray
Tim Parker (retired 31 December 2010)
Don Robert*
Sir Ian Robinson*

* Joined the Committee on 10 May 2011.

Biographical details of the current members of the Committee are set out on page 42. The General Counsel and Company Secretary acts as the Secretary to the Committee. The Committee met on four occasions during the year. Attendance details are shown in the table on page 49.

Advisors to the Committee

The Committee has access to detailed external information and research on market data and trends from independent consultants. During the year, PricewaterhouseCoopers LLP (who also provide expatriate assignment advice) was engaged by the Committee to advise on general human resources and compensation related matters (including the design of incentive arrangements). Alithos Limited provided information for the testing of the total shareholder return ('TSR') performance conditions for the Company's long-term incentive plans.

The Chairman and the Group Chief Executive, together with Jane Kingston (Group Human Resources Director), and the Director of Group Reward, are normally invited to attend each Committee meeting and provide advice and guidance to the Committee (other than in respect of their own remuneration).

Summary of activity during the year

During the year, the Committee conducted its annual review of remuneration philosophy and reviewed the Company's remuneration practice to ensure that the overall remuneration structure continues to promote the Company's business strategy. The Chairman's pay and benefits and the Executive Directors' reward packages were reviewed. The performance targets of the Company's bonus and share incentive plans were considered, and the vesting amounts of maturing awards approved. The Committee also considered the headroom available in issued share capital before the making of share plan awards, considered developments in best practice and engaged with shareholder representatives and advisory bodies.

Remuneration policy and components

The Committee reviews the Company's remuneration philosophy and structure each year to ensure that the remuneration framework remains effective in supporting the Company's business objectives, is in line with best practice, and fairly rewards individuals for the contribution that they make to the business, having regard to the size and complexity of the Group's operations and the need to motivate and attract employees of the highest calibre.

The Committee intends that base salary and total remuneration of Executive Directors should be in line with the market. Remuneration is benchmarked against rewards available for equivalent roles in a suitable comparator group with the aim of paying neither significantly above nor below the median for each element of remuneration at par performance levels. The Committee also considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market conditions, and to governance trends when assessing the level of salaries and remuneration packages of Executive Directors and other members of the Executive Committee. Save for promotional increases awarded to some Group Managing Directors, percentage increases to basic salary awards for Executive Directors and other members of the Executive Committee during the year ended 30 September 2011 were in line with those awarded to other employees in the Group working in the same country in that period.

Directors' Remuneration Report

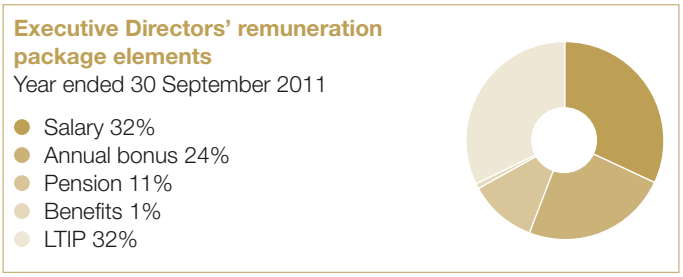
The total remuneration package links corporate and individual performance with an appropriate balance between short and long-term elements, and fixed and variable components. The policy is designed to incentivise executives to meet the Company's key objectives, such that a significant portion of total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

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

The following chart shows the average proportions of salary, target (or par) bonus, pension, benefits and the expected value of long-term incentives granted to each of the Executive Directors during the year ended 30 September 2011. This is the same for each Executive Director.

Executive Directors' remuneration package elements

Year ended 30 September 2011



Salary

Base salaries are appropriately benchmarked and reflect the role, job size and responsibility as well as individual performance and effectiveness. Consideration is also given to prevailing market and economic conditions and to governance trends, as well as to salary levels throughout the organisation. The Group Chief Executive's salary is reviewed annually by the Committee with any increase taking effect on 1 July of each year. Other executives' salaries are subject to annual review with any increases taking effect on 1 January of each year. It is not envisaged that remuneration elements for Executive Directors for the year ending 30 September 2012 will be substantially different to those in place in the financial year ended 30 September 2011.

The annual base salaries of the Executive Directors are:

Richard Cousins	£937,500 (effective 1 July 2011, increased by 2.99% from £910,350)
Gary Green	US$1,136,000 (effective 1 January 2011, increased by 3.99% from $1,092,420)
Andrew Martin	£568,000 (effective 1 January 2011, increased by 3.99% from £546,210)

Benefits

These comprise healthcare insurance for Executive Directors and their dependents, limited financial advice, life assurance and car benefit. Benefits for Executive Directors and their dependents for the year ending 30 September 2012 will not be substantially different to those offered in the financial year ended 30 September 2011.

Pensions

The Group's policy is not to offer defined benefit arrangements to new employees at any level (save where required by applicable legislation). Incoming Executive Directors are invited either to join the Company's money purchase arrangement or to take a fixed salary supplement, calculated as a percentage of base salary, which is excluded from any bonus calculation.

At 30 September 2011 there were no Executive Directors actively participating in any Compass Group defined benefit pension arrangements and none of the Executive Directors are accruing additional entitlement to benefit under any arrangements that existed prior to their appointment as Executive Directors.

As reported in previous years, Richard Cousins and Gary Green receive a salary supplement equal to 35% of their basic salaries in lieu of pension; and, as reported in 2006, Andrew Martin has received a salary supplement from 6 April 2006, equal to 35% of basic salary and has waived all rights to his final salary pension, money purchase pension and unfunded unapproved pension relating to his employment prior to that date.

Annual bonus

The annual bonus is earned by the achievement of performance targets set by the Committee at the start of each financial year and is delivered in cash. The target (or par) award for the year ended 30 September 2011 was 75% of base salary, with a further maximum of 75% of base salary available for superior performance.

For the year ended 30 September 2011, the bonus measures for the Executive Directors were as follows:

Measure	Richard Cousins	Gary Green	Andrew Martin
Profit Before Interest and Tax ('PBIT')	55%[1]	55%[2]	55%[1]
Group Free Cash Flow ('GFCF')	15%		15%
12 Month Average Working Capital Balance ('AWCB')		15%[3]	
Organic Revenue Growth ('ORG')	15%[4]	15%[5]	15%[4]
Personal Targets	15%	15%	15%
Total	**100%**	**100%**	**100%**

1 PBIT on a Group-wide basis.
2 PBIT split between Group PBIT (15%) and Local PBIT (USA and Canada) (40%).
3 12 Month AWCB (USA and Canada).
4 ORG on a Group-wide basis.
5 ORG for USA and Canada.

Bonus measures dependent on GFCF are subject to the caveat that GFCF should not be affected by Board approved capital expenditure or other unusual or irregular timing differences. PBIT and ORG targets are adjusted to take account of acquisitions and disposals. A supplementary financial underpin applies such that the amount payable pursuant to the achievement of the non-PBIT measures may not exceed the on-target payment unless the threshold Group PBIT measure has been achieved.

Following the Committee's assessment of the extent to which the various performance measures in respect of the bonus for the year ended 30 September 2011 were achieved, the percentages of base salary which were actually paid to the Directors, by way of annual bonus, for the year ended 30 September 2011, together with the outcomes against each category of annual bonus measure, are shown below:

Measure	Richard Cousins Actual bonus earned as % of annual base salary	Gary Green Actual bonus earned as % of annual base salary	Andrew Martin Actual bonus earned as % of annual base salary
Financial Targets	93.75%	112.50%	93.75%
Personal Targets	18.75%	22.50%	21.00%
Total	**112.50%**	**135.00%**	**114.75%**

The Committee continues to be satisfied that the performance targets are challenging and promote the Company's business strategy.

The Committee has agreed that, for the year ending 30 September 2012, to ensure that performance conditions continue to be aligned with current strategy, the ORG performance target should remain as an element of the annual bonus to the extent that Personal Targets and ORG targets each represent 15% of the bonus measures, the PBIT measures represent 55% and the GFCF and AWCB measures 15% respectively. Achievement of non-PBIT measures may not exceed on-target (par) payment unless the threshold Group PBIT measure is achieved.

Emoluments

The aggregate remuneration of the Directors who served during the financial year ended 30 September 2011 was as follows:

Directors' remuneration

Name of Director	Salary and fees £000	Salary supplement[1] £000	Annual performance-related bonus £000	Benefits[6] £000	2011 Total £000	2010 Total £000
Chairman						
Sir Roy Gardner	**433**	**–**	**–**	**44**	**477**	477
Executive Directors						
Richard Cousins	**917**	**321**	**1,055**	**41**	**2,334**	2,560
Gary Green[2]	**701**	**245**	**985**	**44**	**1,975**	1,992
Andrew Martin	**563**	**197**	**652**	**48**	**1,460**	1,551
Non-Executive Directors						
Sir James Crosby	**125**	**–**	**–**	**–**	**125**	110
John Bason[3]	**29**	**–**	**–**	**–**	**29**	–
Steve Lucas[4]	**75**	**–**	**–**	**–**	**75**	90
Susan Murray	**93**	**–**	**–**	**–**	**93**	77
Tim Parker[5]	**21**	**–**	**–**	**–**	**21**	70
Don Robert	**81**	**–**	**–**	**–**	**81**	70
Sir Ian Robinson	**81**	**–**	**–**	**–**	**81**	70
Total	**3,119**	**763**	**2,692**	**177**	**6,751**	7,067

1 A supplement of 35% of basic salary is paid in monthly instalments in lieu of pension participation.
2 Gary Green's salary of US$1.125 million and other emoluments are given in Sterling using an exchange rate of US$1.6059/£1 (2010: US$1.5596/£1).
3 John Bason was appointed as a Director on 21 June 2011.
4 Steve Lucas resigned as a Director on 21 June 2011.
5 Tim Parker resigned as a Director on 31 December 2010.
6 Benefits comprise healthcare insurance, limited financial advice, life assurance and car benefit.

Directors' Remuneration Report

Current share plans

The LTIP has been the primary form of equity-based incentive for the year ended 30 September 2011, and this will continue to be the policy for the year ending 30 September 2012.

Long Term Incentive Plan 2010

All long-term incentive plan awards made to senior executives since February 2010 have been made under The Compass Group PLC Long Term Incentive Plan 2010 ('the 2010 LTIP'). Executive Directors received their first award under the 2010 LTIP during the year. Under the 2010 LTIP, executives may receive a conditional award of shares which may vest after a single three-year performance period, based on the achievement of stretching performance conditions. Awards will not exceed 200% of base salary and are made by reference to the share price at the date of award. Awards may be settled in shares or cash, if required (for example, because of securities laws), at any time up to the release of an award, subject to the discretion of the Committee.

50% of any award is based on GFCF over the three-year performance period and 50% on the Company's TSR over the same period relative to the companies comprising the TSR comparator group at the start of the performance period. The precise GFCF target for each award is linked to the Group's wider business targets and is set by the Committee at the time of award based on Group projections and market expectations. The GFCF measure is set by the Committee subject to the caveat that GFCF should not be affected by Board approved capital expenditure or other unusual or irregular timing differences.

No shares vest unless the Group achieves threshold performance. 25% of the portion of the award based on GFCF vests on the achievement of threshold performance. Awards vest on a straight-line basis between 25% and 100% where GFCF is between threshold and maximum performance.

TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three-year performance period). The averaging period for the determination of the TSR performance condition is three months.

100% of the portion of the award based on TSR will vest if performance is in the top quartile and 25% of the award will vest if performance is at the median. Where performance is between the median and top quartile, awards will vest on a straight-line basis between the median and top quartile. No shares will be released if the Company's TSR performance is below the median.

The Committee must also be satisfied that the underlying financial performance of the Group justifies the vesting of an award. Calculations of the achievement of the targets are independently performed and are approved by the Committee.

The Committee considers TSR and GFCF as the performance conditions which most closely align the interests of participants with those of shareholders. The 2010 LTIP rewards the achievement of GFCF targets (which are key business targets for the Group) as well as the Company's relative TSR outperformance against a defined list of comparator companies.

If a participant ceases to be an employee, unvested awards will normally lapse unless the Committee determines in its absolute discretion, in which case it shall permit awards to continue and be satisfied, subject to the achievement of the performance condition. In such circumstances, any shares vesting will be prorated based on the period of service unless otherwise determined by the Committee. In the event of a change of control, any unvested awards will vest immediately, subject to satisfaction of performance conditions and reduction on a time-apportionment basis.

In the case of intended fraud or misconduct by a participant which contributes to an error in financial information that materially affects the Company's share value, the Company will be entitled to recover the value of any shares released or the payment of cash equivalents under the 2010 LTIP. Benefits under the 2010 LTIP are not pensionable.

The table below sets out the percentage of each award made to Executive Directors within the last five years which has vested and the percentage of each extant award, had it vested on 30 September 2011:

Long-Term Incentive Plan performance

Year of award	Maturity date	Performance conditions	TSR position	TSR percentage vested on maturity or indicative vesting percentage
2006–2007	1 October 2009	TSR/GFCF[1]	5	100%
2007–2008	1 October 2010	TSR/GFCF	5	100%
2008–2009	1 October 2011	TSR/GFCF	11	100%
2009–2010	1 October 2012	TSR/GFCF	13 (performance after 24 months)	100% (performance after 24 months)
2010–2011	1 October 2013	TSR/GFCF	46 (performance after 12 months)	0% (performance after 12 months)

1 As reported in 2008, following the sale of the Selecta vending business in July 2007, the GFCF target was adjusted in order to maintain those targets originally set in respect of the remaining business.

Directors' interests in the long-term incentive plans

Details of existing awards as at the date of this Report and awards conditionally made under the long-term incentive plans to the Executive Directors in office during the year ended 30 September 2011 are shown in the table below:

Name of Director	As at 30 Sep 2010: number of shares	Awarded during the year: number of shares	Released during the year: number of shares	Lapsed during the year: number of shares	As at 30 Sep 2011: number of shares	Market price at date of award: pence	Date of award	Maturity date
Richard Cousins	529,800	–	529,800	–	–	322.75	20 Dec 2007	1 Oct 2010
	381,540	–	–	–	381,540	306.25	28 Nov 2008	1 Oct 2011
	350,182	–	–	–	350,182	440.00	1 Dec 2009	1 Oct 2012
	–	321,678	–	–	321,678	548.00	25 Nov 2010	1 Oct 2013
	1,261,522	**321,678**	**529,800**	**–**	**1,053,400**			
Gary Green	323,522	–	323,522	–	–	322.75	20 Dec 2007	1 Oct 2010
	256,856	–	–	–	256,856	306.25	28 Nov 2008	1 Oct 2011
	269,198	–	–	–	269,198	440.00	1 Dec 2009	1 Oct 2012
	–	185,630	–	–	185,630	548.00	25 Nov 2010	1 Oct 2013
	849,576	**185,630**	**323,522**	**–**	**711,684**			
Andrew Martin	331,126	–	331,126	–	–	322.75	20 Dec 2007	1 Oct 2010
	228,924	–	–	–	228,924	306.25	28 Nov 2008	1 Oct 2011
	210,108	–	–	–	210,108	440.00	1 Dec 2009	1 Oct 2012
	–	144,754	–	–	144,754	548.00	25 Nov 2010	1 Oct 2013
	770,158	**144,754**	**331,126**	**–**	**583,786**			

50% of each award is based on a three-year GFCF target, and 50% is based on growth in the Company's TSR relative to the FTSE 100, excluding its financial services constituents.

Aggregate gross gains realised by Messrs Cousins, Martin and Green were £6,759,604 in the year ended 30 September 2011. The share price at the time of release of Mr Cousin's award was 576.50p per share, and 566.00p per share at the time of release of Messrs Martin's and Green's awards.
The market price on 17 November 2011, the provisional date of vesting of the award made on 28 November 2008, was 568.00 pence.
All awards were granted for nil consideration.
The highest mid-market price of the Company's ordinary shares during the year was 612.00 pence and the lowest was 511.50 pence. The year end price was 521.00 pence.

Compass Group Share Option Plan 2010 ('the CSOP 2010')

Eligible senior executives are able to participate in the CSOP 2010. Options granted under the plan are exercisable in full or part subject to the achievement of GFCF performance targets over a three-year period. The CSOP 2010 was approved by shareholders in 2010 and further details are set out in the 2010 Annual Report, which is available on the Company's website at www.compass-group.com. No Executive Directors or Persons Discharging Managerial Responsibility ('PDMRs') are eligible to participate.

All-employee share schemes

The Company operates an HM Revenue & Customs UK approved share purchase scheme, under which UK employees can invest up to a maximum of £125 per month to buy shares in the Company at market value. The scheme is not subject to performance conditions. No Executive Directors or PDMRs will participate.

Superseded share plans

Compass Group Long-Term Incentive Plan ('the 2000 LTIP')

Long-term incentive plan awards prior to 2010 were made under the 2000 LTIP. Under the 2000 LTIP, executives received a conditional award of shares of up to an annual maximum of 200% of base salary which would vest after a single three-year performance period, subject to the achievement of stretching performance conditions. 50% of any award made under the 2000 LTIP was based on GFCF and 50% on the Company's TSR. Further details of the 2000 LTIP may be found in the 2010 Annual Report. Details of the number of existing awards held by Directors under the 2000 LTIP are included in the table above.

Other discretionary share plans

Awards prior to 2005 were made under the Compass Group Bonus Matching Shares Plan ('the MSP') and the Compass Group Share Option Plan ('the CSOP 2000'). Further details of the plans may be found in prior years' Annual Reports. No further awards can be made under the CSOP 2000 which expired on 27 July 2010. Shareholder approval will be sought should the Company wish to make any further awards to Executive Directors under the MSP.

There are no outstanding awards under the MSP. Existing rights under the CSOP 2000 remain and may result in the vesting of further shares in the capital of the Company. Under the CSOP 2000, Executive Directors were eligible to receive awards equating to an annual maximum of 200% of basic salary, at an exercise price not lower than the market value of the Company's shares on the day prior to grant. Options would normally be exercisable between the third and tenth anniversaries of the date of grant, on a sliding scale, subject to satisfaction of an earnings per share performance condition, after which they would lapse. Details of the number of options held by Directors in office during the year under the CSOP 2000 are shown in the table on page 58.

Directors' Remuneration Report

Directors' interests in share options

Name of Director	As at 30 Sep 2010: number of shares	Exercised during the year: number of shares	Lapsed during the year: number of shares	As at 30 Sep 2011: number of shares	Exercise price: pence	Normal exercise period
Gary Green	350,000	350,000	–	–	430.00	19 Sep 2004–18 Sep 2011
	350,000	–	–	350,000	422.00	23 May 2005–22 May 2012
	700,000	**350,000**	**–**	**350,000**		

If average earnings per share growth is at least 6% over a three-year period between grant and exercise, one third of shares under option become exercisable. Options are exercisable in full at 12% growth and on a straight-line basis in between.

The aggregate gross gain realised by Mr Green was £554,750 in the year ended 30 September 2011.
No options were granted during the year ended 30 September 2011.
Earnings per share measures were adjusted to achieve consistency between IFRS and UK GAAP reporting.
The highest mid-market price of the Company's ordinary shares during the year was 612.00 pence and the lowest was 511.50 pence. The year end price was 521.00 pence.

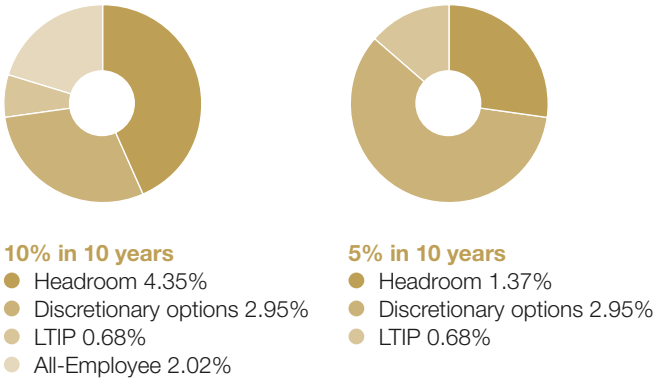
Dilution limits

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

The Committee regularly monitors the position and prior to the making of any award considers the effect of potential vesting of options or share awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were utilised in the year ended 30 September 2011.

As at 30 September 2011, the Company's headroom position, which remains within current ABI Guidelines, was as shown in the chart below.

Scheme limits headroom



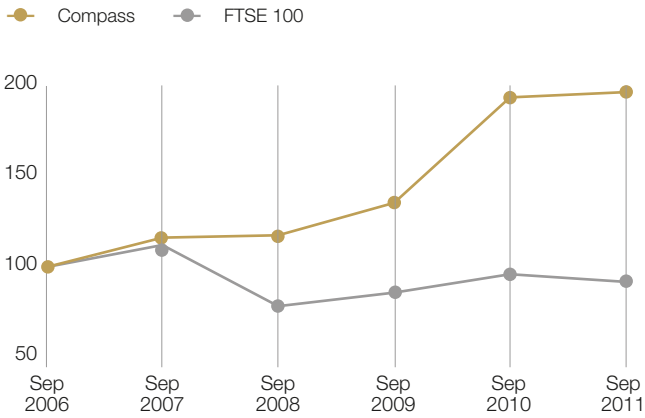
10% in 10 years
- Headroom 4.35%
- Discretionary options 2.95%
- LTIP 0.68%
- All-Employee 2.02%

5% in 10 years
- Headroom 1.37%
- Discretionary options 2.95%
- LTIP 0.68%

Total shareholder return

The performance graph below shows the Company's TSR performance against the performance of the FTSE 100 over the five-year period to 30 September 2011. The FTSE 100 Index has been chosen as a broad equity market index of which the Company has been a constituent member throughout the period.

Total return indices – Compass Group vs FTSE 100



Executive Directors' service agreements

It is the Company's policy that service contracts for the Executive Directors have no fixed term but are capable of termination on 12 months' notice from the Company and six months' notice from the Director (12 months for Richard Cousins). The Company also retains the right to terminate the contract immediately by making a payment in lieu of notice equal to 12 months' pay, on-target bonus, pension supplement and an amount equal to 10% of basic pay in respect of benefits, to be paid in monthly instalments, subject to an obligation on the Director to mitigate his loss, such that payments may either reduce or cease completely in circumstances where the departing Executive Director gains new employment. No special provisions apply in the event of a change of control.

Directors' service agreements were reviewed by the Committee in 2007. The Committee is sensitive to shareholders' concerns regarding bonus payments to Directors during their notice period. It believes the obligation to mitigate adequately addresses the issue and has also confirmed that future contracts for new Executive Directors should not include an element of bonus in respect of the notice period.

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

The Executive Directors hold service agreements as set out below:

	Date of contract
Richard Cousins	22 November 2007
Gary Green	27 November 2007
Andrew Martin	27 November 2007

External appointments

Executive Directors may take up one non-executive directorship outside of the Group, provided that such appointment is not likely to lead to a conflict of interest, subject to the Board's approval. It is recognised that non-executive duties can broaden experience and knowledge which can benefit the Company. Richard Cousins and Andrew Martin received fees of £85,000 and £4,583 during the year in respect of their Directorships of Reckitt Benckiser Group plc and easyJet plc respectively, which they were permitted to retain.

Share ownership guidelines

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

The share ownership guidelines were reviewed with effect from 1 October 2010. Under the guidelines, the Chief Executive is required to hold a personal shareholding equal to twice his basic salary. Other Executive Directors are required to hold a personal shareholding equal to one and a half times their basic salary, and members of the Executive Committee one times their basic salary. Non-Executive Directors are required to hold a personal shareholding equal to one times their basic fee.

For Executive Directors and members of the Executive Committee, the guideline shareholding may be achieved by retaining shares received as a result of participating in the Company's share plans. The programme specifically excludes the need to make a personal investment should awards not vest. Non-Executive Directors are expected to purchase shares equating to a minimum value of one third of their net of tax fee each year until the guideline is met. The required level of shareholding is expected to be achieved within a four-year period, commencing on 1 October 2010 or on the date of appointment to the Board or the Executive Committee.

The Committee reviewed and noted that the guidelines were satisfied by all Directors during the year. The Directors' current shareholdings are set out on page 45.

Chairman

The fee for the Chairman is reviewed annually by the Committee each June with any increase taking effect on 1 July. Following a detailed benchmarking exercise during the year, the Chairman's fee of £432,806 per annum was determined to be appropriate and no increase was effected. The Chairman has a letter of engagement for a period of three years, which is renewable at three-year intervals by mutual consent and which is terminable without compensation on six months' notice from the Company or from the Chairman.

The Chairman is not eligible for pension scheme membership, bonus or incentive arrangements. He is entitled to the provision of life and medical insurance for himself and his spouse, financial planning assistance and car benefit.

Policy on remuneration of Non-Executive Directors

The fees for the Non-Executive Directors are reviewed and determined by the Board each year. No increases had been made since 1 October 2009. Following a detailed benchmarking exercise and a review of Board Committee membership during the year, the Non-Executive Directors' fees for the year ended 30 September 2011 were increased and are as shown in the table on page 55.

Each of the Non-Executive Directors was appointed to act on each Board Committee with effect from 10 May 2011 and such additional membership is included within the revised fees. A fee of £22,000 per annum is payable where a Non-Executive Director acts as Chairman of either the Audit or Remuneration Committee (2010: £20,000 and £15,000 respectively), and £12,000 is payable to the Chairman of the Corporate Responsibility Committee (2010: £7,500). An additional fee of £27,000 per annum is also payable for the Director nominated as Senior Independent Non-Executive Director (2010: £25,000). Non-Executive Directors are not eligible for pension scheme membership, bonus or incentive arrangements.

Non-Executive Directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable at three-year intervals by mutual consent. In accordance with the Code, all Directors submit themselves for annual re-election by shareholders. Details of their appointments, which are terminable without compensation, are set out in the table below.

Non-Executive Director	Original date of appointment	Letter of engagement	Total length of service at 30 Sep 2011
Sir Roy Gardner	1 Oct 2005	15 Sep 2005 (rev. 8 May 2009)	6 years
Sir James Crosby	17 Feb 2007	16 Feb 2007 (rev. 21 Sep 2009)	4 years, 7 months
John Bason	21 Jun 2011	10 May 2011	3 months
Susan Murray	11 Oct 2007	11 Oct 2007 (rev. 16 Mar 2010)	4 years
Don Robert	8 May 2009	8 May 2009	2 years, 5 months
Sir Ian Robinson	1 Dec 2006	1 Dec 2006 (rev. 21 Sep 2009)	4 years, 10 months

Directors' Remuneration Report

Other senior executives and management

A number of senior executives and the Executive Directors comprise the Executive Committee. These key management roles influence the ability of the Group to meet its strategic targets. The Committee has regard to the remuneration level and structure of this group whose total remuneration including salary and other short-term benefits, target (or par) bonus and the expected value of long-term incentives is summarised in the table below:

Total remuneration for the year ended 30 September 2011 £000	Number in band (2010 in brackets)
501–1,000	4 (5)
1,001–1,500	5 (3)
1,501–2,000	– (1)
2,001–2,500	1 (–)

On behalf of the Board



Sir James Crosby
Chairman of the Remuneration Committee
23 November 2011

Consolidated financial statements

Directors' responsibilities

The Annual Report and Accounts complies with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report.

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

We confirm that to the best of our knowledge:

- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS');
- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and Accounts includes a review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



Mark J White
General Counsel and Company Secretary
23 November 2011

The Directors are responsible for preparing the Annual Report and the consolidated financial statements. The Directors are required to prepare consolidated financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS'). Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006. The Directors, having prepared the financial statements, have permitted the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit opinion.

The Directors are responsible for the maintenance and integrity of the Compass Group PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Compass Group PLC

Introduction

We have audited the Group financial statements of Compass Group PLC for the year ended 30 September 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, the accounting policies and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This Report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 September 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Business Review in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matters

We have reported separately on the Parent Company financial statements of Compass Group PLC for the year ended 30 September 2011.



Ian Waller (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
23 November 2011

Consolidated income statement

for the year ended 30 September 2011

	Notes	Before UK re-organisation 2011 £m	UK re-organisation 2011 £m	Total 2011 £m	Total 2010 £m
Continuing operations					
Revenue	1	**15,833**	**–**	**15,833**	14,468
Operating costs	2	**(14,768)**	**(55)**	**(14,823)**	(13,485)
Operating profit	1	**1,065**	**(55)**	**1,010**	983
Share of profit of associates	1, 13	**6**	**–**	**6**	6
Total operating profit	1	**1,071**	**(55)**	**1,016**	989
Finance income	4	**4**	**–**	**4**	5
Finance costs	4	**(75)**	**–**	**(75)**	(86)
Hedge accounting ineffectiveness	4	**(5)**	**–**	**(5)**	4
Change in the fair value of investments and non-controlling interest put options	4	**2**	**–**	**2**	1
Gain on remeasurement of joint venture interest on acquisition of control	5	**16**	**–**	**16**	–
Profit before tax		**1,013**	**(55)**	**958**	913
Income tax expense	6	**(273)**	**9**	**(264)**	(246)
Profit for the year from continuing operations	1	**740**	**(46)**	**694**	667
Discontinued operations					
Profit for the year from discontinued operations	7	**40**	**–**	**40**	13
Continuing and discontinued operations					
Profit for the year		**780**	**(46)**	**734**	680
Attributable to					
Equity shareholders of the Company		**774**	**(46)**	**728**	675
Non-controlling interests		**6**	**–**	**6**	5
Profit for the year		**780**	**(46)**	**734**	680
Basic earnings per share (pence)					
From continuing operations	8			**36.4p**	35.3p
From discontinued operations	8			**2.1p**	0.7p
From continuing and discontinued operations	8			**38.5p**	36.0p
Diluted earnings per share (pence)					
From continuing operations	8			**36.1p**	35.1p
From discontinued operations	8			**2.1p**	0.7p
From continuing and discontinued operations	8			**38.2p**	35.8p

Analysis of operating profit

for the year ended 30 September 2011

	Notes	Total 2011 £m	Total 2010 £m
Continuing operations			
Underlying operating profit before share of profit of associates		**1,085**	997
Share of profit of associates		**6**	6
Underlying operating profit[1]		**1,091**	1,003
Amortisation of intangibles arising on acquisition		**(12)**	(7)
Acquisition transaction costs		**(9)**	(5)
Adjustment to contingent consideration on acquisition		**1**	–
Share-based payments expense – non-controlling interest call option		**–**	(2)
Operating profit after costs relating to acquisitions and disposals before UK re-organisation		**1,071**	989
UK re-organisation	2	**(55)**	–
Total operating profit		**1,016**	989

1 Underlying operating profit excludes UK re-organisation, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense – non-controlling interest call option.

Consolidated statement of comprehensive income

for the year ended 30 September 2011

	Notes	2011 £m	2010 £m
Profit for the year		**734**	680
Other comprehensive income			
Currency translation differences		**6**	34
Actuarial gains/(losses) on post-retirement employee benefits	23	**17**	(57)
Tax on items relating to the components of other comprehensive income	6	**(8)**	12
Total other comprehensive income/(loss) for the year		**15**	(11)
Total comprehensive income for the year		**749**	669
Attributable to			
Equity shareholders of the Company		**743**	664
Non-controlling interests		**6**	5
Total comprehensive income for the year		**749**	669

Consolidated statement of changes in equity

for the year ended 30 September 2011

	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 2010	189	317	44	(1)	4,521	(2,002)	5	3,073
Profit for the year	–	–	–	–	–	728	6	734
Other comprehensive income								
Currency translation differences	–	–	–	–	6	–	–	6
Actuarial gains/(losses) on post-retirement employee benefits	–	–	–	–	–	17	–	17
Tax on items relating to the components of other comprehensive income	–	–	–	–	(3)	(5)	–	(8)
Total other comprehensive income	–	–	–	–	3	12	–	15
Total comprehensive income for the year	–	–	–	–	3	740	6	749
Issue of shares (for cash)	1	30	–	–	–	–	–	31
Fair value of share-based payments	–	–	–	–	10	–	–	10
Tax on items taken directly to equity (note 6)	–	–	–	–	–	3	–	3
Release of LTIP award settled by issue of new shares	–	6	–	–	(6)	–	–	–
Transfer on exercise of put options	–	–	–	–	1	(1)	–	–
Other changes	–	–	–	–	–	–	3	3
	190	353	44	(1)	4,529	(1,260)	14	3,869
Dividends paid to Compass shareholders (note 9)	–	–	–	–	–	(360)	–	(360)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(6)	(6)
At 30 September 2011	190	353	44	(1)	4,529	(1,620)	8	3,503

Other reserves	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Equity adjustment for put options £m	Total other reserves £m
At 1 October 2010	145	4,170	7	200	(1)	4,521
Other comprehensive income						
Currency translation differences	–	–	–	6	–	6
Tax on items relating to the components of other comprehensive income	–	–	–	(3)	–	(3)
Total other comprehensive income	–	–	–	3	–	3
Total comprehensive income for the year	–	–	–	3	–	3
Fair value of share-based payments	10	–	–	–	–	10
Release of LTIP award settled by issue of new shares	(6)	–	–	–	–	(6)
Transfer on exercise of put options	–	–	–	–	1	1
At 30 September 2011	149	4,170	7	203	–	4,529

Own shares held by the Group represent 268,541 shares in Compass Group PLC (2010: 361,864 shares). 251,332 shares are held by the Compass Group Employee Share Trust ('ESOP') and 17,209 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 2011 was £1.4 million (2010: £1.9 million). The nominal value held at 30 September 2011 was £26,854 (2010: £36,186).

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.

The merger reserve arose in 2000 following the demerger from Granada Compass plc. The equity adjustment for put options arose in 2005 on the accounting for the options held by the Group's non-controlling partners requiring the Group to purchase those non-controlling interests.

Consolidated statement of changes in equity

for the year ended 30 September 2011

	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 2009	185	215	44	(2)	4,489	(2,395)	9	2,545
Profit for the year	–	–	–	–	–	675	5	680
Other comprehensive income								
Currency translation differences	–	–	–	–	34	–	–	34
Actuarial gains/(losses) on post-retirement employee benefits	–	–	–	–	–	(57)	–	(57)
Tax on items relating to the components of other comprehensive income	–	–	–	–	(6)	18	–	12
Total other comprehensive income	–	–	–	–	28	(39)	–	(11)
Total comprehensive income for the year	–	–	–	–	28	636	5	669
Issue of shares (for cash)	4	93	–	–	–	–	–	97
Fair value of share-based payments	–	–	–	–	9	–	–	9
Tax on items taken directly to equity (note 6)	–	–	–	–	–	17	–	17
Share-based payments expense – non-controlling interest call option	–	–	–	–	–	2	–	2
Release of LTIP award settled by issue of new shares	–	9	–	–	(9)	–	–	–
Release of share bonus award settled in cash or existing shares purchased in the market	–	–	–	–	(1)	–	–	(1)
Transfer on exercise of put options	–	–	–	–	5	2	–	7
Buy-out of non-controlling interests	–	–	–	–	–	(6)	(5)	(11)
	189	317	44	(2)	4,521	(1,744)	9	3,334
Dividends paid to Compass shareholders (note 9)	–	–	–	–	–	(258)	–	(258)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(4)	(4)
(Increase)/decrease in own shares held for staff compensation schemes[1]	–	–	–	1	–	–	–	1
At 30 September 2010	189	317	44	(1)	4,521	(2,002)	5	3,073

1 These shares are held in trust and are used to satisfy some of the Group's liabilities to employees for share options, share bonus and long-term incentive plans.

Other reserves	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Equity adjustment for put options £m	Total other reserves £m
At 1 October 2009	146	4,170	7	172	(6)	4,489
Other comprehensive income						
Currency translation differences	–	–	–	34	–	34
Tax on items relating to the components of other comprehensive income	–	–	–	(6)	–	(6)
Total other comprehensive income	–	–	–	28	–	28
Total comprehensive income for the year	–	–	–	28	–	28
Fair value of share-based payments	9	–	–	–	–	9
Release of LTIP award settled by issue of new shares	(9)	–	–	–	–	(9)
Release of share bonus award settled in cash or existing shares purchased in the market	(1)	–	–	–	–	(1)
Transfer on exercise of put options	–	–	–	–	5	5
At 30 September 2010	145	4,170	7	200	(1)	4,521

Consolidated balance sheet

as at 30 September 2011

	Notes	2011 £m	2010 £m
Non-current assets			
Goodwill	10	**4,060**	3,833
Other intangible assets	11	**719**	570
Property, plant and equipment	12	**655**	581
Interests in associates	13	**79**	32
Other investments	14	**41**	37
Trade and other receivables	16	**77**	72
Deferred tax assets*	6	**240**	296
Derivative financial instruments**	20	**64**	81
Non-current assets		**5,935**	5,502
Current assets			
Inventories	17	**270**	238
Trade and other receivables	16	**2,030**	1,830
Tax recoverable*		**36**	31
Cash and cash equivalents**	18	**1,110**	643
Derivative financial instruments**	20	**29**	10
Current assets		**3,475**	2,752
Total assets		**9,410**	8,254
Current liabilities			
Short-term borrowings**	19	**(711)**	(148)
Derivative financial instruments**	20	**(3)**	(5)
Provisions	22	**(138)**	(130)
Current tax liabilities*		**(238)**	(273)
Trade and other payables	21	**(2,900)**	(2,683)
Current liabilities		**(3,990)**	(3,239)
Non-current liabilities			
Long-term borrowings**	19	**(1,247)**	(1,200)
Derivative financial instruments**	20	**(3)**	(2)
Post-employment benefit obligations	23	**(292)**	(389)
Provisions	22	**(301)**	(302)
Deferred tax liabilities*	6	**(35)**	(15)
Trade and other payables	21	**(39)**	(34)
Non-current liabilities		**(1,917)**	(1,942)
Total liabilities		**(5,907)**	(5,181)
Net assets		**3,503**	3,073
Equity			
Share capital	24	**190**	189
Share premium account		**353**	317
Capital redemption reserve		**44**	44
Less: Own shares		**(1)**	(1)
Other reserves		**4,529**	4,521
Retained earnings		**(1,620)**	(2,002)
Total equity shareholders' funds		**3,495**	3,068
Non-controlling interests		**8**	5
Total equity		**3,503**	3,073

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

Approved by the Board of Directors on 23 November 2011 and signed on their behalf by

Richard J Cousins, Director
Andrew D Martin, Director

Consolidated cash flow statement

for the year ended 30 September 2011

	Notes	2011 £m	2010 £m
Cash flow from operating activities			
Cash generated from operations	27	**1,298**	1,330
One-off employer contributions to post-employment benefit obligations		**(60)**	–
Interest paid		**(56)**	(75)
Premium paid on options		**(1)**	–
Interest element of finance lease rentals		**(2)**	(2)
Tax received		**24**	24
Tax paid		**(233)**	(227)
Net cash from/(used in) operating activities of continuing operations		**970**	1,050
Net cash from/(used in) operating activities of discontinued operations	28	**(6)**	3
Net cash from/(used in) operating activities		**964**	1,053
Cash flow from investing activities			
Purchase of subsidiary companies and investments in associated undertakings[1]	26	**(426)**	(205)
Proceeds from sale of subsidiary companies and associated undertakings – discontinued activities[1]	7	**–**	(9)
Tax on profits from sale of subsidiary companies and associated undertakings		**(3)**	–
Purchase of intangible assets	11	**(126)**	(122)
Purchase of property, plant and equipment		**(244)**	(207)
Proceeds from sale of property, plant and equipment/intangible assets		**30**	19
Purchase of other investments	14	**(2)**	(3)
Dividends received from associated undertakings	13	**7**	6
Interest received		**4**	5
Net cash from/(used in) investing activities by continuing operations		**(760)**	(516)
Net cash from/(used in) investing activities by discontinued operations	28	**–**	–
Net cash from/(used in) investing activities		**(760)**	(516)
Cash flow from financing activities			
Proceeds from issue of ordinary share capital		**31**	97
Net increase/(decrease) in borrowings	29	**610**	(306)
Repayment of obligations under finance leases	29	**(12)**	(15)
Equity dividends paid	9	**(360)**	(258)
Dividends paid to non-controlling interests		**(6)**	(4)
Net cash from/(used in) financing activities by continuing operations		**263**	(486)
Net cash from/(used in) financing activities by discontinued operations	28	**–**	–
Net cash from/(used in) financing activities		**263**	(486)
Cash and cash equivalents			
Net increase/(decrease) in cash and cash equivalents	29	**467**	51
Cash and cash equivalents at beginning of the year	29	**643**	588
Currency translation gains/(losses) on cash and cash equivalents	29	**–**	4
Cash and cash equivalents at end of the year	29	**1,110**	643

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

Reconciliation of free cash flow from continuing operations

for the year ended 30 September 2011

	2011 £m	2010 £m
Net cash from operating activities of continuing operations	**970**	1,050
One-off employer contributions to post-employment benefit obligations	**60**	–
Purchase of intangible assets	**(126)**	(122)
Purchase of property, plant and equipment	**(244)**	(207)
Proceeds from sale of property, plant and equipment/intangible assets	**30**	19
Purchase of other investments	**(2)**	(3)
Dividends received from associated undertakings	**7**	6
Interest received	**4**	5
Dividends paid to non-controlling interests	**(6)**	(4)
Free cash flow from continuing operations	**693**	744

Accounting policies

for the year ended 30 September 2011

Introduction

The significant accounting policies adopted in the preparation of the Group's financial statements are set out below.

A Accounting convention and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union that are effective for the year ended 30 September 2011. They have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

The financial statements have been prepared on a going concern basis. This is discussed in the Business Review on page 27.

There have been only minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time in the current financial year which have been adopted by the Group with no impact on its consolidated results or financial position.

Certain new standards, amendments and interpretations of existing standards have been published that, once they have been endorsed by the European Union, will be mandatory for the Group's accounting period beginning on 1 October 2011 or for later periods. The Group does not currently believe that the adoption of these standards or interpretations would have a material effect on the consolidated results or financial position of the Group unless stated otherwise.

IFRS 9 'Financial instruments' (not yet endorsed by the European Union) removes the multiple classification and measurement models for financial assets required by IAS 39 and introduces a model that has only two classification categories: amortised cost and fair value. Classification is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those assets. The accounting and presentation for financial liabilities and for derecognising financial instruments is relocated from IAS 39 without any significant changes. The Group is currently assessing the impact this standard would have on its consolidated results and financial position.

IFRS 10 'Consolidated financial statements' (not yet endorsed by the European Union) replaces the guidance of control and consolidation in IAS 27 'Consolidated and separate financial statements' and SIC 12 'Consolidation – special purpose entities'. The core principle that a consolidated entity presents a parent and its subsidiaries as if they were a single entity remains unchanged, as do the mechanics of consolidation.

IFRS 11 'Joint arrangements' (not yet endorsed by the European Union) requires joint arrangements to be accounted for as a joint operation or as a joint venture depending upon the rights and obligations of each party to the arrangement. Proportionate consolidation for joint ventures will be eliminated and equity accounting will be compulsory. It is anticipated that the application of the standard (which will be effective for the Group in the year ending 30 September 2014) will result in a decrease to Group revenues, expenses, assets and liabilities but will have no impact on the Group's net profit or net assets. Details of the Group's joint venture arrangements are set out in note 15.

IFRS 12 'Disclosure of interests in other entities' (not yet adopted by the European Union) requires enhanced disclosures of the nature, risks and financial effects associated with the Group's interests in subsidiaries, associates and joint ventures.

IFRS 13 'Fair value measurement' (not yet adopted by the European Union) explains how to measure fair value and aims to enhance fair value disclosures. The standard does not change the measurement of fair value but codifies it in one place.

Amendments to IAS 19 'Employee benefits' (not yet adopted by the European Union) change a number of disclosure requirements for post-employment arrangements and restricts the options currently available on how to account for defined benefit pension plans. The most significant change that will impact the Group is that the amendment requires expected returns on pension plan assets, currently calculated based on management's expectation of expected returns to be replaced by a credit on the pension plan assets calculated at the liability discount rate. The Group does not expect that this change will have a material impact on either finance costs or the Group's net assets.

Amendment to IAS 1 'Presentation of financial statements' (effective for the Group in the year ending 30 September 2013).

IAS 24 (revised) 'Related party disclosures'

IAS 27 (revised) 'Separate financial statements'

IAS 28 (revised) 'Associates and joint ventures'

Amendment to IAS 34 'Interim financial reporting'

Amendment to IFRS 7 'Disclosure of the financial effect of the extent to which collateral and other credit enhancements mitigate credit risk'

Amendment to IFRS 7 'Disclosures – transfers of financial assets'

Amendment to IFRIC 13 'Customer loyalty programmes'

Amendment to IFRIC 14 'IAS 19: The limit on defined benefit assets, minimum funding requirements and their interaction'

B Use of assumptions and estimates

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

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results for the year and the respective income tax and deferred tax provisions in the year in which such determination is made.

Accounting policies

for the year ended 30 September 2011

Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in section M. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. The key assumptions used for the value in use calculations are set out in note 10 to the financial statements.

Post-employment benefits

Defined benefit schemes are reappraised annually by independent actuaries based on actuarial assumptions. Significant judgment is required in determining these actuarial assumptions. The principal assumptions used are described in note 23 to the financial statements.

C Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint ventures and associates made up to 30 September each year.

D Subsidiaries, associates and joint ventures

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing control.

Joint ventures

Joint ventures are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and other venturers under a contractual agreement. The Group's share is accounted for using the proportionate consolidation method.

The consolidated income statement and balance sheet include the Group's share of the income, expenses, assets and liabilities.

Associates

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

Adjustments

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

Acquisitions and disposals

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

Intra-group transactions

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

E Acquisitions

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

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

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

F Foreign currency

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

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

In order to hedge its exposure to certain foreign exchange risks the Group enters into forward currency contracts and cross currency swaps (see section Q for the Group's accounting policies in respect of derivative financial instruments).

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

G Revenue

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

Management fee contracts
Revenue from management fee contracts comprises the total of sales made to consumers, the subsidy charged to clients, together with the management fee charged to clients.

Fixed price contracts
Revenue from fixed price contracts is recognised in proportion to the volume of services that the Group is contracted to supply in each period.

Inter-segment transactions
There is little or no intra-group trading between the reported business segments. Where such trading does take place it is on similar terms and conditions to those available to third parties.

H Rebates and other amounts received from suppliers

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

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

Agreed discounts relating to inventories are credited to the income statement as the goods are consumed.

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

Rebates received in respect of plant and equipment are deducted from the costs capitalised.

I Borrowing costs

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

J Operating profit

Operating profit is stated before the share of results of associates, investment revenue and finance costs.

K Exceptional items

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

L Tax

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

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

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

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

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

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

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

M Intangible assets

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

Goodwill is allocated to each cash-generating unit ('CGU') for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business. This is generally the total business for a country. However, in some instances, where there are distinct separately managed business activities within a country, the CGU is identified at a lower level.

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

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

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent gain or loss on disposal.

Accounting policies

for the year ended 30 September 2011

Other intangible assets

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

The following rates applied for the Group:

- Contract-related intangible assets: the life of the contract; and
- Computer software: 6% to 33% per annum.

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

Contract-related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract. Underlying operating profit and underlying earnings per share exclude the amortisation of contract-related intangible assets arising on acquisition of a business as it is not considered to be relevant to the underlying trading performance of the Group.

N Property, plant and equipment

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

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

The following rates applied for the Group:

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

When assets are sold, the difference between sales proceeds and the carrying amount of the assets is dealt with in the income statement.

O Assets held for sale

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

P Inventories

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

Q Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities, including derivative financial instruments, denominated in foreign currencies are translated into pounds Sterling at period-end exchange rates. Gains and losses are dealt with through the income statement, unless hedge accounting treatment is available.

Cash and cash equivalents

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

Borrowings

Borrowings are recognised initially at the proceeds received, net of direct issue costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of direct issue costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method, unless included in a fair value hedge.

Equity instruments

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

Liabilities in respect of option agreements

Option agreements that allow minority shareholders to require the Group to purchase the minority interest are treated as derivatives over equity instruments. These are recorded in the balance sheet at fair value which is re-evaluated at each period end. Fair value is based on the present value of expected cash outflows. The movement in fair value is recognised as income or expense within the income statement.

Derivative financial instruments and hedge accounting

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 exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors that provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps and cross currency swaps is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the net profit and loss such that it is fully amortised by maturity.

When fair value hedge accounting is discontinued, any adjustment to the carrying amount of the hedged item for the designated risk for interest-bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted.

The Group's policy is to convert a proportion of its floating rate debt to fixed rates, using floating to fixed interest rate swaps. The Group designates these as cash flow hedges of interest rate risk.

In relation to cash flow hedges (forward currency contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or liability, then at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost and carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement in the period.

R Leases

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

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

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

S Provisions

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

T Employee benefits

Pension obligations

Payments made to defined contribution pension schemes are charged as an expense when they fall due. Payments made to state-managed schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

For defined benefit pension schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The pension obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Other post-employment obligations

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

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. In accordance with the requirements of IFRS 2 'Share-based Payments', the Group has applied IFRS 2 to all equity-settled share options granted after 7 November 2002 that had vested before 1 January 2005. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using either the binomial distribution or Black-Scholes pricing models as is most appropriate for each scheme. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

Holiday pay

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

Notes to the consolidated financial statements

for the year ended 30 September 2011

1 Segmental reporting

Revenues	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Intra-Group £m	Total £m
Year ended 30 September 2011						
External revenue	**6,849**	**3,717**	**1,951**	**3,316**	**–**	**15,833**
Less: Discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**
External revenue – continuing	**6,849**	**3,717**	**1,951**	**3,316**	**–**	**15,833**
Year ended 30 September 2010						
External revenue	6,369	3,506	1,782	2,811	–	14,468
Less: Discontinued operations	–	–	–	–	–	–
External revenue – continuing	6,369	3,506	1,782	2,811	–	14,468

Revenues	Products and services: Sectors: Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	Total £m
Year ended 30 September 2011						
External revenue	**6,751**	**2,477**	**2,905**	**1,688**	**2,012**	**15,833**
Less: Discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**
External revenue – continuing	**6,751**	**2,477**	**2,905**	**1,688**	**2,012**	**15,833**
Year ended 30 September 2010						
External revenue	5,949	2,308	2,739	1,639	1,833	14,468
Less: Discontinued operations	–	–	–	–	–	–
External revenue – continuing	5,949	2,308	2,739	1,639	1,833	14,468

1 There is no inter-segmental trading.

2 Continuing revenues from external customers arising in the UK, the Group's country of domicile, were £1,873 million (2010: £1,709 million). Continuing revenues from external customers arising in all foreign countries from which the Group derives revenues were £13,960 million (2010: £12,759 million).

1 Segmental reporting continued

Result	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
Year ended 30 September 2011						
Operating profit before associates, UK re-organisation and costs relating to acquisitions	**538**	**259**	**114**	**234**	**(60)**	**1,085**
UK re-organisation	**–**	**–**	**(55)**	**–**	**–**	**(55)**
Total operating profit before associates and costs relating to acquisitions	**538**	**259**	**59**	**234**	**(60)**	**1,030**
Less: Discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit before associates and costs relating to acquisitions	**538**	**259**	**59**	**234**	**(60)**	**1,030**
Less: Amortisation of intangibles arising on acquisition	**(3)**	**(2)**	**(2)**	**(4)**	**(1)**	**(12)**
Less: Acquisition transaction costs	**(1)**	**(3)**	**(2)**	**(2)**	**(1)**	**(9)**
Less: Share-based payments expense – non-controlling interest call option	**–**	**–**	**–**	**–**	**–**	**–**
Add: Adjustment to contingent consideration on acquisition	**1**	**–**	**–**	**–**	**–**	**1**
Operating profit before associates – continuing	**535**	**254**	**55**	**228**	**(62)**	**1,010**
Add: Share of profit of associates	**3**	**–**	**3**	**–**	**–**	**6**
Total operating profit – continuing	**538**	**254**	**58**	**228**	**(62)**	**1,016**
Finance income						**4**
Finance costs						**(75)**
Hedge accounting ineffectiveness						**(5)**
Change in the fair value of investments and non-controlling interest put options						**2**
Gain on remeasurement of joint venture interest on acquisition of control						**16**
Profit before tax						**958**
Income tax expense						**(264)**
Profit for the year from continuing operations						**694**
Year ended 30 September 2010						
Operating profit before associates, UK re-organisation and costs relating to acquisitions	491	248	114	204	(60)	997
UK re-organisation	–	–	–	–	–	–
Total operating profit before associates and costs relating to acquisitions	491	248	114	204	(60)	997
Less: Discontinued operations	–	–	–	–	–	–
Operating profit before associates and costs relating to acquisitions	491	248	114	204	(60)	997
Less: Amortisation of intangibles arising on acquisition	(1)	–	(1)	(4)	(1)	(7)
Less: Acquisition transaction costs	(1)	(2)	(1)	–	(1)	(5)
Less: Share-based payments expense – non-controlling interest call option	–	–	–	(2)	–	(2)
Add: Adjustment to contingent consideration on acquisition	–	–	–	–	–	–
Operating profit before associates – continuing	489	246	112	198	(62)	983
Add: Share of profit of associates	4	–	2	–	–	6
Total operating profit – continuing	493	246	114	198	(62)	989
Finance income						5
Finance costs						(86)
Hedge accounting ineffectiveness						4
Change in the fair value of investments and non-controlling interest put options						1
Gain on remeasurement of joint venture interest on acquisition of control						–
Profit before tax						913
Income tax expense						(246)
Profit for the year from continuing operations						667

Notes to the consolidated financial statements

for the year ended 30 September 2011

1 Segmental reporting continued

Balance sheet	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Unallocated: Current and deferred tax £m	Net debt £m	Total £m
As at 30 September 2011								
Total assets	**2,986**	**1,416**	**2,236**	**1,286**	**7**	**276**	**1,203**	**9,410**
Total liabilities	**(1,352)**	**(964)**	**(395)**	**(708)**	**(251)**	**(273)**	**(1,964)**	**(5,907)**
Net assets/(liabilities)	**1,634**	**452**	**1,841**	**578**	**(244)**	**3**	**(761)**	**3,503**
Total assets include:								
Interests in associates	**45**	**–**	**34**	**–**	**–**	**–**	**–**	**79**
Non-current assets	**2,210**	**712**	**1,986**	**717**	**6**	**240**	**64**	**5,935**
As at 30 September 2010								
Total assets	2,663	1,136	2,239	1,148	7	327	734	8,254
Total liabilities	(1,186)	(943)	(510)	(638)	(261)	(288)	(1,355)	(5,181)
Net assets/(liabilities)	1,477	193	1,729	510	(254)	39	(621)	3,073
Total assets include:								
Interests in associates	6	–	26	–	–	–	–	32
Non-current assets	1,964	504	1,993	656	8	297	80	5,502

1 Non-current assets in the UK, the Group's country of domicile, were £1,981 million (2010: £1,989 million). Non-current assets in all foreign countries in which the Group holds assets were £3,650 million (2010: £3,136 million).

1 Segmental reporting continued

Additions to other intangible assets	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
Year ended 30 September 2011						
Total additions to other intangible assets	**98**	**16**	**8**	**4**	**–**	**126**
Year ended 30 September 2010						
Total additions to other intangible assets	85	10	23	4	–	122

Additions to property, plant and equipment	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
Year ended 30 September 2011						
Total additions to property, plant and equipment[1]	**86**	**66**	**41**	**52**	**1**	**246**
Year ended 30 September 2010						
Total additions to property, plant and equipment[1]	69	53	36	54	–	212

Amortisation of other intangible assets	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
Year ended 30 September 2011						
Total amortisation of other intangible assets[2]	**79**	**11**	**21**	**9**	**1**	**121**
Year ended 30 September 2010						
Total amortisation of other intangible assets[2]	68	10	10	8	1	97

Depreciation of property, plant and equipment	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
Year ended 30 September 2011						
Total depreciation of property, plant and equipment	**58**	**44**	**34**	**31**	**–**	**167**
Year ended 30 September 2010						
Total depreciation of property, plant and equipment	54	40	26	27	1	148

Other non-cash expenses	Geographical segments: North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Central activities £m	Total £m
Year ended 30 September 2011						
Total other non-cash expenses[3]	**3**	**1**	**1**	**2**	**3**	**10**
Year ended 30 September 2010						
Total other non-cash expenses[3]	2	1	1	2	3	9

1 Includes leased assets of £2 million (2010: £3 million) and creditor for capital creditors of £2 million (2010: £2 million).
2 Including the amortisation of intangibles arising on acquisition.
3 Other non-cash expenses are mainly comprised of share-based payments.

Notes to the consolidated financial statements

for the year ended 30 September 2011

2 Operating costs

Operating costs	Before UK re-organisation 2011 £m	UK re-organisation 2011 £m	Total 2011 £m	Total 2010 £m
Cost of food and materials:				
Cost of inventories consumed	**5,013**	**–**	**5,013**	4,654
Labour costs:				
Employee remuneration (note 3)	**7,146**	**6**	**7,152**	6,444
Overheads:				
Depreciation – owned property, plant and equipment	**152**	**7**	**159**	138
Depreciation – leased property, plant and equipment	**8**	**–**	**8**	10
Amortisation – owned intangible assets	**94**	**15**	**109**	90
Property lease rentals	**82**	**3**	**85**	74
Other occupancy rentals – minimum guaranteed rent	**65**	**–**	**65**	57
Other occupancy rentals – rent in excess of minimum guaranteed rent	**15**	**–**	**15**	16
Other asset rentals	**72**	**–**	**72**	81
Audit and non-audit services (see below)	**7**	**–**	**7**	5
Other expenses	**2,094**	**24**	**2,118**	1,902
Operating costs before costs relating to acquisitions	**14,748**	**55**	**14,803**	13,471
Amortisation – intangible assets arising on acquisition	**12**	**–**	**12**	7
Acquisition transaction costs	**9**	**–**	**9**	5
Adjustment to contingent consideration on acquisition	**(1)**	**–**	**(1)**	–
Share-based payments expense – non-controlling interest call option	**–**	**–**	**–**	2
Total continuing operations	**14,768**	**55**	**14,823**	13,485

1 Impairment of goodwill recorded in income statement included in UK re-organisation £5 million (2010: £nil).
2 With our ongoing desire to focus on our core activities we have decided to exit or run down a small number of non-core activities in the UK, including providing catering in hotels and mobile food units at sporting events. The overall loss of revenue will be around £70 million. We have taken a £55 million exceptional cost, which is almost all non-cash. This includes goodwill of £20 million shown as impairment of £5 million and disposal of £15 million (included within other expenses).

Audit and non-audit services	2011 £m	2010 £m
Audit services		
Fees payable to the Company's Auditors for the audit of the Company's annual financial statements	**0.4**	0.4
Fees payable to the Company's Auditors and their associates for other services to the Group:		
The audit of the Company's subsidiaries and joint ventures pursuant to legislation	**3.5**	3.2
Total audit fees	**3.9**	3.6
Non-audit services		
Audit related assurance	**0.2**	0.2
Taxation compliance	**0.3**	0.3
Other tax advisory	**1.5**	1.1
Corporate finance services	**0.9**	0.1
Other services	**0.1**	0.1
Total non-audit fees	**3.0**	1.8
Total audit and non-audit services		
Total audit and non-audit services	**6.9**	5.4

3 Employees

Average number of employees, including Directors and part-time employees	2011 Number	2010 Number
North America	**189,302**	174,734
Continental Europe	**98,505**	86,633
UK & Ireland	**62,967**	59,380
Rest of the World	**120,334**	107,455
Total continuing operations	**471,108**	428,202
Discontinued operations	**–**	–
Total continuing and discontinued operations	**471,108**	428,202

Aggregate remuneration of all employees including Directors	2011 £m	2010 £m
Wages and salaries	**5,920**	5,345
Social security costs	**1,143**	1,014
Share-based payments	**10**	9
Pension costs – defined contribution plans	**58**	54
Pension costs – defined benefit plans	**21**	22
Total continuing operations	**7,152**	6,444
Discontinued operations	**–**	–
Total continuing and discontinued operations	**7,152**	6,444

In addition to the pension cost shown in operating costs above, there is a pensions-related net charge within finance costs of £14 million (2010: net charge of £15 million).

The remuneration of Directors and key management personnel[1] is set out below. Additional information on Directors' and key management remuneration, share options, long-term incentive plans, pension contributions and entitlements can be found in the audited section of the Directors' Remuneration Report on pages 53 to 60 and forms part of these accounts.

Remuneration of key management personnel	2011 £m	2010 £m
Salaries	**6.9**	7.1
Other short-term employee remuneration	**6.3**	7.3
Share-based payments	**4.4**	5.3
Termination benefits	**–**	3.1
Pension	**2.1**	1.8
Total	**19.7**	24.6

1 Key management personnel is defined as the Board of Directors and the members of the Executive Committee. Since 2010, one new member has been appointed to the Executive Committee.

Notes to the consolidated financial statements

for the year ended 30 September 2011

4 Financing income, costs and related (gains)/losses

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

Finance income and costs	2011 £m	2010 £m
Finance income		
Bank interest	**4**	5
Total finance income	**4**	5
Finance costs		
Interest on bank loans and overdrafts	**7**	4
Interest on other loans	**51**	64
Finance lease interest	**2**	2
Interest on bank loans, overdrafts, other loans and finance leases	**60**	70
Unwinding of discount on provisions	**1**	1
Amount charged to pension scheme liabilities net of expected return on scheme assets (note 23)	**14**	15
Total finance costs	**75**	86
Analysis of finance costs by defined IAS 39[1] category		
Fair value through profit or loss (unhedged derivatives)	**1**	10
Derivatives in a fair value hedge relationship	**(31)**	(36)
Derivatives in a net investment hedge relationship	**5**	4
Other financial liabilities	**85**	92
Interest on bank loans, overdrafts, other loans and finance leases	**60**	70
Fair value through profit or loss (unwinding of discount on provisions)	**1**	1
Outside of the scope of IAS 39 (net pension scheme charge)	**14**	15
Total finance costs	**75**	86

1 IAS 39 'Financial Instruments: Recognition and Measurement'.

The Group uses derivative financial instruments such as forward currency contracts, cross currency swaps and interest rate swaps to hedge the risks associated with changes in foreign currency exchange rates and interest rates. As explained in section Q of the Group's accounting policies, such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement in the period.

The Group had a small number of outstanding put options which have now matured. This enabled certain non-controlling shareholders to require the Group to purchase the non-controlling interest shareholding at an agreed multiple of earnings. These options are treated as derivatives over equity instruments and are recorded in the balance sheet at fair value which is re-evaluated at each period end. Fair value is based on the present value of expected cash outflows. The movement in fair value is included in the profit for the year.

Financing related (gains)/losses	2011 £m	2010 £m
Hedge accounting ineffectiveness		
Unrealised net (gains)/losses on unhedged derivative financial instruments[1]	**2**	(2)
Unrealised net (gains)/losses on derivative financial instruments in a designated fair value hedge[2]	**4**	(10)
Unrealised net (gains)/losses on the hedged item in a designated fair value hedge	**(1)**	8
Total hedge accounting ineffectiveness (gains)/losses	**5**	(4)
Change in the fair value of investments and non-controlling interest put options		
Change in the fair value of investments[1, 3]	**–**	(1)
Change in the fair value of non-controlling interest put options (credit)/charge[1]	**(2)**	–
Total	**(2)**	(1)

1 Categorised as 'fair value through profit or loss' (IAS 39).
2 Categorised as derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).
3 Life insurance policies used by overseas companies to meet the cost of unfunded post-employment benefit obligations included in note 23.

5 Gain on remeasurement of joint venture interest on acquisition of control

The Group acquired the remaining 50% equity interest in Sofra Yemek Üretim Ve Hizmet A.S. ('SOFRA') in Turkey from our joint venture partner during the year. Under International Financial Reporting Standard 3, 'Business Combinations' (revised 2008) ('IFRS 3 (2008)'), the interest previously held by the Group has been remeasured to its fair value at the acquisition date. This has resulted in a gain of £16 million arising on the revaluation of our existing interest which has been recorded on a separate line in the income statement.

IFRS 3 (2008) requires that the interest should be treated on the same basis as would be required if the acquirer had disposed directly of the previously held interest and then reacquired it at fair value. Prior to the acquisition, the interest in SOFRA was proportionally consolidated as explained in section D of the Group's accounting policies. The Group has shown the disposal of previously held interest and re-acquisition within note 26 to the financial statements.

6 Tax

Recognised in the income statement: Income tax expense on continuing operations	Before UK re-organisation 2011 £m	UK re-organisation 2011 £m	Total 2011 £m	Total 2010 £m
Current tax				
Current year	**272**	**(3)**	**269**	229
Adjustment in respect of prior years	**(47)**	**–**	**(47)**	(14)
Current tax expense/(credit)	**225**	**(3)**	**222**	215
Deferred tax				
Current year	**28**	**(6)**	**22**	37
Impact of changes in statutory tax rates	**4**	**–**	**4**	3
Adjustment in respect of prior years	**16**	**–**	**16**	(9)
Deferred tax expense/(credit)	**48**	**(6)**	**42**	31
Total income tax				
Income tax expense/(credit) on continuing operations	**273**	**(9)**	**264**	246

The income tax expense for the year is based on the effective United Kingdom statutory rate of corporation tax for the period of 27% (2010: 28%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions. The impact of the changes in statutory rates relates principally to the reduction of the UK corporation tax rate from 28% to 26% from 1 April 2011 and 25% from 1 April 2012. These changes have resulted in a deferred tax charge arising from the reduction in the balance sheet carrying value of deferred tax assets to reflect the anticipated rate of tax at which those assets are expected to reverse.

Reconciliation of the income tax expense on continuing operations	Before UK re-organisation 2011 £m	UK re-organisation 2011 £m	Total 2011 £m	Total 2010 £m
Profit before tax from continuing operations	**1,013**	**(55)**	**958**	913
Notional income tax expense at the effective UK statutory rate of 27% (2010: 28%) on profit before tax	**274**	**(15)**	**259**	256
Effect of different tax rates of subsidiaries operating in other jurisdictions	**58**	**–**	**58**	50
Impact of changes in statutory tax rates	**4**	**–**	**4**	3
Permanent differences	**(28)**	**6**	**(22)**	(17)
Impact of share-based payments	**3**	**–**	**3**	–
Tax on profit of associates	**(1)**	**–**	**(1)**	(1)
Losses and other temporary differences not previously recognised	**(11)**	**–**	**(11)**	(24)
Unrelieved current year tax losses	**5**	**–**	**5**	2
Prior year items	**(31)**	**–**	**(31)**	(23)
Income tax expense on continuing operations	**273**	**(9)**	**264**	246

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6 Tax continued

Tax (charged)/credited to other comprehensive income	2011 £m	2010 £m
Current and deferred tax (charges)/credits on actuarial and other movements on post-employment benefits	**(5)**	18
Current and deferred tax (charges) on foreign exchange movements	**(3)**	(6)
Tax (charge)/credit on items recognised in other comprehensive income	**(8)**	12

Tax credited to equity	2011 £m	2010 £m
Current and deferred tax credits in respect of share-based payments	**3**	17
Tax credit on items recognised in equity	**3**	17

Movement in net deferred tax asset/(liability)	Tax depreciation £m	Intangibles £m	Pensions and post-employment benefits £m	Tax losses £m	Self-funded insurance provisions £m	Net short-term temporary differences £m	Total £m
At 1 October 2009	35	(91)	125	5	51	164	289
(Charge)/credit to income	(7)	(16)	5	8	3	(24)	(31)
(Charge)/credit to equity/other comprehensive income	–	(2)	18	(1)	–	7	22
Transfer from/(to) current tax	–	–	–	–	–	–	–
Business acquisitions	(1)	(5)	–	–	–	3	(3)
Business disposals	–	–	–	–	–	–	–
Other movements	1	(3)	1	–	–	1	–
Exchange adjustment	–	(2)	1	–	1	4	4
At 30 September 2010	28	(119)	150	12	55	155	281
At 1 October 2010	**28**	**(119)**	**150**	**12**	**55**	**155**	**281**
(Charge)/credit to income	**(18)**	**(20)**	**4**	**5**	**(1)**	**(14)**	**(44)**
(Charge)/credit to equity/other comprehensive income	**(1)**	**(1)**	**(15)**	**–**	**–**	**(3)**	**(20)**
Transfer from/(to) current tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Business acquisitions	**–**	**(17)**	**1**	**–**	**–**	**–**	**(16)**
Business disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other movements	**–**	**(4)**	**3**	**1**	**–**	**1**	**1**
Exchange adjustment	**–**	**–**	**2**	**–**	**1**	**–**	**3**
At 30 September 2011	**9**	**(161)**	**145**	**18**	**55**	**139**	**205**

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	2011 £m	2010 £m
Deferred tax assets	**240**	296
Deferred tax liabilities	**(35)**	(15)
Net deferred tax asset/(liability)	**205**	281

Unrecognised deferred tax assets in respect of tax losses and other temporary differences amount to £37 million (2010: £94 million). Of the total, tax losses of £16 million will expire at various dates between 2011 and 2021. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

As a result of changes to tax legislation, overseas dividends received on or after 1 July 2009 are largely exempt from UK tax but may be subject to foreign withholding taxes. The unremitted earnings of those overseas subsidiaries affected by such taxes is £289 million (2010: £128 million). No deferred tax liability is recognised on these temporary differences as the Group is able to control the timing of reversal and it is probable that this will not take place in the foreseeable future.

7 Discontinued operations

Year ended 30 September 2011

The profit for the year from discontinued operations of £40 million arose on the release of provisions now deemed surplus (including income tax provisions) and a £2 million VAT refund relating to prior period disposals.

Year ended 30 September 2010

The profit for the year from discontinued operations of £13 million arose on the release of provisions now deemed surplus relating to prior period disposals and a £1 million loss from trading activities of discontinued operations.

Financial performance of discontinued operations	2011 £m	2010 £m
Trading activities of discontinued operations		
External revenue	–	–
Operating refund/(costs)	2	(1)
Profit/(loss) before tax	2	(1)
Income tax (expense)/credit	–	–
Profit/(loss) after tax	2	(1)
Disposal of net assets and other adjustments relating to discontinued operations		
Profit on disposal of net assets of discontinued operations	–	–
Release of surplus provisions and accruals related to discontinued operations[2]	5	16
Profit before tax	5	16
Income tax credit/(expense) (see below)	33	(2)
Total profit after tax	38	14
Profit for the year from discontinued operations		
Profit/(loss) for the year from discontinued operations	40	13

1 The trading activity in the years ended 30 September 2010 and 30 September 2011 relates to the final run-off activity in businesses earmarked for closure.
2 Released surplus provisions of £5 million in the year ended 30 September 2011 (2010: £16 million).

Income tax from discontinued operations	2011 £m	2010 £m
Income tax on disposal of net assets and other adjustments relating to discontinued operations		
Current tax	35	–
Deferred tax	(2)	(2)
Income tax credit/(expense) on disposal of net assets of discontinued operations	33	(2)

Net assets disposed and disposal proceeds	2011 £m	2010 £m
Increase/(decrease) in retained liabilities[1, 2]	–	(23)
Profit/(loss) on disposal before tax	–	16
Consideration, net of costs	–	(7)
Consideration deferred to future periods	–	(2)
Cash disposed of	–	–
Cash inflow/(outflow) from current year disposals	–	(9)
Deferred consideration and other payments relating to previous disposals	–	–
Cash inflow/(outflow) from disposals	–	(9)

1 The trading activity in the years ended 30 September 2010 and 30 September 2011 relates to the final run-off activity in businesses earmarked for closure.
2 Includes the utilisation of disposal provisions of £nil in the year ended 30 September 2011 (2010: £23 million).

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8 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 UK re-organisation, the amortisation of intangible assets arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, share-based payments expense – non-controlling interest call option, hedge accounting ineffectiveness, and the change in the fair value of investments and non-controlling interest put options, gain on remeasurement of joint venture interest on acquisition of control and the tax attributable to these amounts. These items are excluded in order to show the underlying trading performance of the Group.

Attributable profit	2011 Attributable profit £m	2010 Attributable profit £m
Profit for the year attributable to equity shareholders of the Company	**728**	675
Less: Profit for the year from discontinued operations	**(40)**	(13)
Attributable profit for the year from continuing operations	**688**	662
Add back: Amortisation of intangible assets arising on acquisition (net of tax)	**8**	5
Add back: Acquisition transaction costs (net of tax)	**8**	4
Less: Adjustment to contingent consideration on acquisition (net of tax)	**(1)**	–
Add back: Share-based payments expense – non-controlling interest call option (net of tax)	**–**	2
Add back: Loss/(profit) from hedge accounting ineffectiveness (net of tax)	**4**	(3)
Less: Change in the fair value of investments and non-controlling interest put options (net of tax)	**(2)**	(1)
Add back: UK re-organisation (net of tax)	**46**	–
Less: Gain on remeasurement of joint venture interest on acquisition of control (net of tax)	**(13)**	–
Underlying attributable profit for the year from continuing operations	**738**	669

Average number of shares (millions of ordinary shares of 10p each)	2011 Ordinary shares of 10p each millions	2010 Ordinary shares of 10p each millions
Average number of shares for basic earnings per share	**1,892**	1,873
Dilutive share options	**13**	15
Average number of shares for diluted earnings per share	**1,905**	1,888

	2011 Earnings per share pence	2010 Earnings per share pence
Basic earnings per share (pence)		
From continuing and discontinued operations	**38.5**	36.0
From discontinued operations	**(2.1)**	(0.7)
From continuing operations	**36.4**	35.3
Amortisation of intangible assets arising on acquisition (net of tax)	**0.4**	0.3
Acquisition transaction costs (net of tax)	**0.4**	0.2
Adjustment to contingent consideration on acquisition (net of tax)	**–**	–
Share-based payments expense – non-controlling interest call option (net of tax)	**–**	0.1
Hedge accounting ineffectiveness (net of tax)	**0.2**	(0.2)
Change in the fair value of investments and non-controlling interest put options (net of tax)	**(0.1)**	–
UK re-organisation (net of tax)	**2.4**	–
Gain on remeasurement of joint venture interest on acquisition of control (net of tax)	**(0.7)**	–
From underlying continuing operations	**39.0**	35.7
Diluted earnings per share (pence)		
From continuing and discontinued operations	**38.2**	35.8
From discontinued operations	**(2.1)**	(0.7)
From continuing operations	**36.1**	35.1
Amortisation of intangible assets arising on acquisition (net of tax)	**0.4**	0.3
Acquisition transaction costs (net of tax)	**0.4**	0.2
Adjustment to contingent consideration on acquisition (net of tax)	**–**	–
Share-based payments expense – non-controlling interest call option (net of tax)	**–**	0.1
Hedge accounting ineffectiveness (net of tax)	**0.2**	(0.2)
Change in the fair value of investments and non-controlling interest put options (net of tax)	**(0.1)**	(0.1)
UK re-organisation (net of tax)	**2.4**	–
Gain on remeasurement of joint venture interest on acquisition of control (net of tax)	**(0.7)**	–
From underlying continuing operations	**38.7**	35.4

9 Dividends

A final dividend in respect of 2011 of 12.8 pence per share, £243 million in aggregate[1], has been proposed, giving a total dividend in respect of 2011 of 19.3 pence per share (2010: 17.5 pence per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 2 February 2012 and has not been included as a liability in these financial statements.

	2011		2010	
Dividends on ordinary shares of 10p each	**Dividends per share pence**	**£m**	Dividends per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
Final dividend for the prior year	**12.5p**	**236**	8.8p	164
Interim dividend for the current year	**6.5p**	**124**	5.0p	94
Total dividends	**19.0p**	**360**	13.8p	258

1 Based on the number of shares in issue at 30 September 2011 (1,898 million shares).

10 Goodwill

During the year the Group made a number of acquisitions. See note 26 for more details.

Goodwill	£m
Cost	
At 1 October 2009	3,687
Additions	217
Business disposals – other activities	–
Currency adjustment	36
At 30 September 2010	3,940
At 1 October 2010	**3,940**
Additions	**234**
Business disposals – other activities	**(17)**
Currency adjustment	**15**
At 30 September 2011	**4,172**
Impairment	
At 1 October 2009	107
Impairment charge recognised in the year	–
At 30 September 2010	107
At 1 October 2010	**107**
Impairment charge recognised in the year	**5**
At 30 September 2011	**112**
Net book value	
At 30 September 2010	3,833
At 30 September 2011	**4,060**

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10 Goodwill continued

Goodwill acquired in a business combination is allocated at acquisition to each cash-generating unit ('CGU') that is expected to benefit from that business combination. A summary of goodwill allocation by business segment is shown below.

Goodwill by business segment	2011 £m	2010 £m
USA	**1,248**	1,191
Rest of North America	**152**	131
Total North America	**1,400**	1,322
Continental Europe	**395**	272
UK & Ireland	**1,783**	1,792
Rest of the World	**482**	447
Total	**4,060**	3,833

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. 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.

	2011		2010	
Growth and discount rates	Residual growth rates	Pre-tax discount rates	Residual growth rates	Pre-tax discount rates
USA	**2.5%**	**9.3%**	2.5%	10.2%
Rest of North America	**2.5%**	**8.5%**	2.5%	9.4%
Continental Europe	**2.5-5.3%**	**6.6-13.4%**	2.5-6.0%	7.7-15.9%
UK & Ireland	**3.4%**	**9.4%**	3.0%	10.3%
Rest of the World	**0.8-5.9%**	**8.0-14.5%**	2.5-6.5%	8.1-16.4%

Given the current economic climate, a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be reasonably possible by management. For the UK, to which goodwill of £1,778 million is allocated, an increase in the discount rate of 0.7% or a decrease in the long-term growth rate of 0.8% would eliminate the headroom of approximately £280 million under each scenario. There are no other CGUs that are sensitive to reasonably possible changes in key assumptions.

11 Other intangible assets

Other intangible assets	Computer software £m	Contract and other intangibles: Arising on acquisition £m	Contract and other intangibles: Other £m	Total £m
Cost				
At 1 October 2009	215	102	544	861
Additions	19	–	103	122
Disposals	(3)	–	(33)	(36)
Business acquisitions	1	21	4	26
Reclassified	7	–	26	33
Currency adjustment	1	4	6	11
At 30 September 2010	240	127	650	1,017
At 1 October 2010	**240**	**127**	**650**	**1,017**
Additions	**19**	**–**	**107**	**126**
Disposals	**(24)**	**(19)**	**(57)**	**(100)**
Business acquisitions	**4**	**168**	**–**	**172**
Reclassified	**4**	**–**	**(4)**	**–**
Currency adjustment	**1**	**(5)**	**4**	**–**
At 30 September 2011	**244**	**271**	**700**	**1,215**
Amortisation				
At 1 October 2009	126	9	233	368
Charge for the year	25	7	65	97
Disposals	(2)	–	(31)	(33)
Business acquisitions	–	–	–	–
Reclassified	3	–	8	11
Currency adjustment	–	–	4	4
At 30 September 2010	152	16	279	447
At 1 October 2010	**152**	**16**	**279**	**447**
Charge for the year	**31**	**12**	**78**	**121**
Disposals	**(19)**	**–**	**(49)**	**(68)**
Business acquisitions	**–**	**–**	**–**	**–**
Reclassified	**–**	**–**	**(5)**	**(5)**
Currency adjustment	**1**	**(1)**	**1**	**1**
At 30 September 2011	**165**	**27**	**304**	**496**
Net book value				
At 30 September 2010	88	111	371	570
At 30 September 2011	**79**	**244**	**396**	**719**

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.

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12 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 2009	274	743	486	1,503
Additions[1]	25	124	63	212
Disposals	(10)	(58)	(31)	(99)
Business acquisitions	6	13	2	21
Reclassified	(40)	47	(46)	(39)
Currency adjustment	6	2	2	10
At 30 September 2010	261	871	476	1,608
At 1 October 2010	**261**	**871**	**476**	**1,608**
Additions[1]	**26**	**143**	**77**	**246**
Disposals	**(8)**	**(64)**	**(56)**	**(128)**
Business acquisitions	**6**	**15**	**6**	**27**
Reclassified	**–**	**(12)**	**9**	**(3)**
Currency adjustment	**5**	**(3)**	**(2)**	**–**
At 30 September 2011	**290**	**950**	**510**	**1,750**
Depreciation				
At 1 October 2009	162	487	324	973
Charge for the year	13	84	51	148
Disposals	(9)	(48)	(26)	(83)
Reclassified	(27)	37	(27)	(17)
Currency adjustment	4	1	1	6
At 30 September 2010	143	561	323	1,027
At 1 October 2010	**143**	**561**	**323**	**1,027**
Charge for the year	**17**	**96**	**54**	**167**
Disposals	**(6)**	**(53)**	**(46)**	**(105)**
Reclassified	**–**	**(1)**	**4**	**3**
Currency adjustment	**4**	**(1)**	**–**	**3**
At 30 September 2011	**158**	**602**	**335**	**1,095**
Net book value				
At 30 September 2010	118	310	153	581
At 30 September 2011	**132**	**348**	**175**	**655**

1 Includes leased assets of £2 million (2010: £3 million).

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 2010	9	20	2	31
At 30 September 2011	**8**	**15**	**2**	**25**

13 Interests in associates

	Country of incorporation	2011 % ownership	2010 % ownership
Twickenham Experience Ltd	England & Wales	**40%**	40%
Oval Events Limited	England & Wales	**25%**	25%
AEG Facilities, LLC	USA	**49%**	–
Thompson Hospitality Services LLC	USA	**49%**	49%

Interests in associates	2011 £m	2010 £m
Net book value		
At 1 October	**32**	32
Additions	**47**	–
Share of profits less losses (net of tax)	**6**	6
Dividends received	**(7)**	(6)
Currency and other adjustments	**1**	–
At 30 September	**79**	32

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

Associates	2011 £m	2010 £m
Share of revenue and profits		
Revenue	**40**	28
Expenses/taxation[1]	**(34)**	(22)
Profit after tax for the year	**6**	6
Share of net assets		
Goodwill	**24**	23
Other	**55**	9
Net assets	**79**	32
Share of contingent liabilities		
Contingent liabilities	**(6)**	–

1 Expenses include the relevant portion of income tax recorded by associates.

14 Other investments

	2011 £m	2010 £m
Net book value		
At 1 October	**37**	32
Additions	**2**	3
Disposals	**–**	–
Business acquisitions	**1**	1
Currency and other adjustments	**1**	1
At 30 September	**41**	37
Comprised of		
Investment in Au Bon Pain[1, 3]	**8**	7
Other investments[1, 3]	**9**	9
Life insurance policies[1, 2, 3]	**24**	21
Total	**41**	37

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 23.
3 As per the fair value hierarchies explained in note 20, the investment in Au Bon Pain is Level 3, other investments are Level 1 and the life insurance policies are Level 2.

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15 Joint ventures

Principal joint ventures	Country of incorporation	2011 % ownership	2010 % ownership
Quadrant Catering Ltd	England & Wales	**49%**	49%
Sofra Yemek Üretim Ve Hizmet A.S.[1]	Turkey	**–**	50%
ADNH-Compass Middle East LLC	United Arab Emirates	**50%**	50%
Express Support Services Limitada	Angola	**50%**	50%

1 During the year the Group acquired the remaining 50.01% of Sofra Yemek Üretim Ve Hizmet A.S.

None of these investments is held directly by the Ultimate Parent Company. All joint ventures provide foodservice and/or support services in their respective countries of incorporation and make their accounts up to 30 September.

The share of the revenue, profits, assets and liabilities of the joint ventures included in the consolidated financial statements is as follows:

Joint ventures	2011 £m	2010 £m
Share of revenue and profits		
Revenue	**292**	291
Expenses	**(266)**	(264)
Profit after tax for the year	**26**	27
Share of net assets		
Non-current assets	**6**	18
Current assets	**87**	103
Non-current liabilities	**(6)**	(15)
Current liabilities	**(53)**	(72)
Net assets	**34**	34
Share of contingent liabilities		
Contingent liabilities	**23**	22

1 The remaining share of Sofra Yemek Üretim Ve Hizmet A.S. was acquired during the year. Last year's comparatives have not been restated.

16 Trade and other receivables

	2011			2010		
Trade and other receivables	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Net book value						
At 1 October	**1,830**	**72**	**1,902**	1,680	64	1,744
Net movement	**212**	**6**	**218**	141	6	147
Currency adjustment	**(12)**	**(1)**	**(13)**	9	2	11
At 30 September	**2,030**	**77**	**2,107**	1,830	72	1,902
Comprised of						
Trade receivables	**1,807**	**5**	**1,812**	1,643	5	1,648
Less: Provision for impairment of trade receivables	**(74)**	**(1)**	**(75)**	(78)	(1)	(79)
Net trade receivables[1]	**1,733**	**4**	**1,737**	1,565	4	1,569
Other receivables	**75**	**61**	**136**	70	41	111
Less: Provision for impairment of other receivables	**(8)**	**–**	**(8)**	(8)	–	(8)
Net other receivables	**67**	**61**	**128**	62	41	103
Accrued income	**132**	**–**	**132**	109	–	109
Prepayments	**98**	**12**	**110**	90	27	117
Amounts owed by associates[1]	**–**	**–**	**–**	4	–	4
Trade and other receivables	**2,030**	**77**	**2,107**	1,830	72	1,902

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

16 Trade and other receivables continued

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 2011 were 48 days (2010: 48 days).

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

	2011					
Trade receivables	**Not yet due £m**	**0-3 months overdue £m**	**3-6 months overdue £m**	**6-12 months overdue £m**	**Over 12 months overdue £m**	**Total £m**
Gross trade receivables	**1,387**	**312**	**52**	**23**	**38**	**1,812**
Less: Provision for impairment of trade receivables	**(2)**	**(7)**	**(34)**	**(12)**	**(20)**	**(75)**
Net trade receivables	**1,385**	**305**	**18**	**11**	**18**	**1,737**

	2010					
Trade receivables	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Gross trade receivables	1,291	282	35	18	22	1,648
Less: Provision for impairment of trade receivables	(8)	(15)	(26)	(13)	(17)	(79)
Net trade receivables	1,283	267	9	5	5	1,569

1 The ageing of the provision for impairment of trade receivables for 2010 has been restated following an analysis of all government aged debt.

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

	2011			2010		
Provision for impairment of trade and other receivables	**Trade £m**	**Other £m**	**Total £m**	Trade £m	Other £m	Total £m
At 1 October	**79**	**8**	**87**	66	8	74
Charged to income statement	**18**	**1**	**19**	27	–	27
Credited to income statement	**(7)**	**–**	**(7)**	(3)	–	(3)
Utilised	**(14)**	**–**	**(14)**	(11)	–	(11)
Reclassified	**(1)**	**(1)**	**(2)**	–	–	–
Currency adjustment	**–**	**–**	**–**	–	–	–
At 30 September	**75**	**8**	**83**	79	8	87

At 30 September 2011, trade receivables of £352 million (2010: £286 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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for the year ended 30 September 2011

17 Inventories

Inventories	2011 £m	2010 £m
Net book value		
At 1 October	**238**	230
Net movement	**32**	5
Currency adjustment	**–**	3
At 30 September	**270**	238

18 Cash and cash equivalents

Cash and cash equivalents	2011 £m	2010 £m
Cash at bank and in hand	**224**	193
Short-term bank deposits	**886**	450
Cash and cash equivalents[1]	**1,110**	643

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

Cash and cash equivalents by currency	2011 £m	2010 £m
Sterling	**846**	462
US Dollar	**64**	25
Euro	**54**	43
Japanese Yen	**10**	6
Other	**136**	107
Cash and cash equivalents	**1,110**	643

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 20. The book value of cash and cash equivalents represents the maximum credit exposure.

19 Short-term and long-term borrowings

	2011			2010		
Short-term and long-term borrowings	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Bank overdrafts	**45**	**–**	**45**	39	–	39
Bank loans	**29**	**54**	**83**	21	11	32
Loan notes	**294**	**889**	**1,183**	77	521	598
Bonds	**334**	**280**	**614**	–	637	637
Borrowings (excluding finance leases)	**702**	**1,223**	**1,925**	137	1,169	1,306
Finance leases	**9**	**24**	**33**	11	31	42
Borrowings (including finance leases)[1]	**711**	**1,247**	**1,958**	148	1,200	1,348

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

Bank overdrafts principally arise as a result of uncleared transactions. Interest on bank overdrafts is at the relevant money market rates.

All amounts due under bonds, loan notes and bank facilities are shown net of unamortised issue costs.

19 Short-term and long-term borrowings continued

The Group has fixed term, fixed interest private placements totalling US$1,732 million (£1,112 million) at interest rates between 3.31% and 6.81%. The carrying value of these loan notes is £1,146 million. It also has a Sterling denominated private placement of £35 million with a carrying value of £37 million at an interest rate of 7.55%.

Loan notes	Nominal value	Redeemable	Interest
US$ private placement	$450m	May 2012	6.81%
US$ private placement	$15m	Nov 2013	5.67%
US$ private placement	$105m	Oct 2013	6.45%
US$ private placement	$162m	Oct 2015	6.72%
Sterling private placement	£35m	Oct 2016	7.55%
US$ private placement	$250m	Oct 2018	3.31%
US$ private placement	$398m	Oct 2021	3.98%
US$ private placement	$352m	Oct 2023	4.12%

The Group also has Sterling denominated Eurobonds totalling £575 million at interest rates of 6.375% and 7.0%. The carrying value of these bonds is £614 million. The bond redeemable in December 2014 is recorded at its fair value to the Group on acquisition.

Bonds	Nominal value	Redeemable	Interest
Sterling Eurobond	£325m	May 2012	6.375%
Sterling Eurobond	£250m	Dec 2014	7.0%

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

Maturity profile of borrowings (excluding finance leases)	**2011 £m**	2010 £m
Within 1 year, or on demand	**702**	137
Between 1 and 2 years	**4**	650
Between 2 and 3 years	**81**	2
Between 3 and 4 years	**281**	81
Between 4 and 5 years	**157**	289
In more than 5 years	**700**	147
Borrowings (excluding finance leases)	**1,925**	1,306

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 table below shows the fair value of borrowings excluding accrued interest:

	2011		2010	
Carrying value and fair value of borrowings (excluding finance leases)	**Carrying value £m**	**Fair value £m**	Carrying value £m	Fair value £m
Bank overdrafts	**45**	**45**	39	39
Bank loans	**83**	**83**	32	32
Loan notes	**1,183**	**1,182**	598	641
£325m Eurobond May 2012	**334**	**337**	350	347
£250m Eurobond Dec 2014	**280**	**284**	287	290
Bonds	**614**	**621**	637	637
Borrowings (excluding finance leases)	**1,925**	**1,931**	1,306	1,349

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19 Short-term and long-term borrowings continued

Gross and present value of finance lease liabilities	2011 Gross £m	2011 Present value £m	2010 Gross £m	2010 Present value £m
Finance lease payments falling due:				
Within 1 year	**10**	**9**	12	11
In 2 to 5 years	**15**	**15**	23	22
In more than 5 years	**10**	**9**	9	9
	35	**33**	44	42
Less: Future finance charges	**(2)**	**–**	(2)	–
Gross and present value of finance lease liabilities	**33**	**33**	42	42

Borrowings by currency	2011 Borrowings £m	2011 Finance leases £m	2011 Total £m	2010 Borrowings £m	2010 Finance leases £m	2010 Total £m
Sterling	**696**	**–**	**696**	687	–	687
US Dollar	**1,184**	**9**	**1,193**	568	14	582
Euro	**14**	**18**	**32**	17	21	38
Japanese Yen	**1**	**–**	**1**	7	–	7
Other	**30**	**6**	**36**	27	7	34
Total	**1,925**	**33**	**1,958**	1,306	42	1,348

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	2011 £m	2010 £m
Expiring between 1 and 5 years	**700**	696

20 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 18; debt, which includes the borrowings disclosed in note 19; 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 of 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.

20 Derivative financial instruments continued

Foreign currency risk

The Group's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are taken out which, when applied to the actual currency liabilities, convert these to the required currency.

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

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

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

The main currencies to which the Group's reported Sterling financial position is exposed are the US Dollar, the Euro and the Japanese Yen. As set out above, the Group seeks to hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Group's foreign operations in such currencies.

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

	2011			2010		
Financial instruments: Impact of Sterling strengthening by 10%	**Against US Dollar £m**	**Against Euro £m**	**Against Japanese Yen £m**	Against US Dollar £m	Against Euro £m	Against Japanese Yen £m
Increase/(decrease) in profit for the year (after tax)	**1**	**–**	**–**	1	–	–
Increase/(decrease) in total equity	**55**	**18**	**6**	40	12	5

Interest rate risk

As set out above, the Group has effective borrowings in a number of currencies and its policy is to ensure that, in the short-term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year, reducing to 60% fixed for the second year and 40% fixed for the third year.

The sensitivity analysis shown on page 96 has been determined based on the derivative and non-derivative financial instruments the Group had in place at the year end date only.

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Group's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be a loss of £1 million (2010: loss of £1 million) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

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20 Derivative financial instruments continued

Interest rate sensitivity analysis	Sterling £m	US Dollar £m	Euro £m	Japanese Yen £m	Other £m	Total £m
	2011					
Increase in interest rate	+1%	+1%	+1%	+1%	+1%	n/a
Floating rate exposure – cash/(debt)	115	(108)	(71)	(53)	44	(73)
Increase/(decrease) in profit for the year (after tax)	1	(1)	(1)	–	–	(1)

Interest rate sensitivity analysis	Sterling £m	US Dollar £m	Euro £m	Japanese Yen £m	Other £m	Total £m
	2010					
Increase in interest rate	+1%	+1%	+1%	+1%	+1%	n/a
Floating rate exposure – cash/(debt)	7	(69)	(104)	(13)	(2)	(181)
Increase/(decrease) in profit for the year (after tax)	–	–	(1)	–	–	(1)

These changes are the result of the exposure to interest rates from the Group's floating rate cash and cash equivalents and debt. The sensitivity gains and losses given above may vary because cash flows vary throughout the year and interest rate and currency hedging may be implemented after the year end date in order to comply with the treasury policies outlined above.

Credit risk

The Group's policy is to minimise its exposure to credit risk from the failure of any single financial counterparty by spreading its risk across a portfolio of financial counterparties and managing the aggregate exposure to each against certain pre-agreed limits. Exposure to counterparty credit risk arising from deposits, derivative and forward currency contracts and cross currency swaps is concentrated at the Group centre where possible. Financial counterparty limits are derived from the long and short-term credit ratings, and the balance sheet strength of the financial counterparty. All financial counterparties are required to have a minimum short-term credit rating from Moodys of P-1 or equivalent from another recognised agency.

The Group's policy to manage the credit risk associated with trade and other receivables is set out in note 16.

Hedging activities

The following section describes the derivative financial instruments the Group uses to apply the interest rate and foreign currency hedging strategies described above.

Fair value hedges

The Group uses interest rate swaps to hedge the fair value of fixed rate borrowings. These instruments swap the fixed interest payable on the borrowings into floating interest rates and hedge the fair value of the borrowings against changes in interest rates. These interest rate swaps all qualify for fair value hedge accounting as defined by IAS 39.

Cash flow hedges

The Group uses interest rate swaps to hedge the cash flows from floating rate borrowings. These instruments swap floating interest payable on these borrowings into fixed interest rates and hedge against cash flow changes caused by changing interest rates. The cash flows and income statement impact hedged in this manner will occur between one and three years of the balance sheet date.

These interest rate swaps do not qualify for cash flow hedge accounting as defined by IAS 39 because the Group creates synthetic floating rate foreign currency borrowings (see net investment hedges below) through the use of forward currency contracts and cross currency swaps which IAS 39 prohibits from being designated as a hedged item.

These interest rate swaps are an effective economic hedge against the exposure of the Group's floating rate borrowings to interest rate risk.

Net investment hedges

The Group uses foreign currency denominated debt, forward currency contracts and cross currency swaps to partially hedge against the change in the Sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates. The fair value of debt in a net investment hedge was £911 million (2010: £885 million).

20 Derivative financial instruments continued

Derivatives not in a hedging relationship

The Group has a number of derivative financial instruments that do not meet the criteria for hedge accounting. These include some interest rate swaps and some forward currency contracts.

Fair value measurement

The Group uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

All derivative financial instruments are shown at fair value in the balance sheet. The fair values have been determined by reference to Level 2 techniques in the hierarchy described above. The fair values of derivative financial instruments represent the maximum credit exposure.

	2011				2010			
Derivative financial instruments	**Current assets £m**	**Non-current assets £m**	**Current liabilities £m**	**Non-current liabilities £m**	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m
Interest rate swaps:								
Fair value hedges[1]	**19**	**62**	**–**	**–**	9	80	–	–
Not in a hedging relationship[2]	**–**	**–**	**(2)**	**(2)**	–	–	(1)	(2)
Other derivatives:								
Forward currency contracts and cross currency swaps	**10**	**–**	**(1)**	**(1)**	1	–	(4)	–
Others	**–**	**2**	**–**	**–**	–	1	–	–
Total	**29**	**64**	**(3)**	**(3)**	10	81	(5)	(2)

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).

	2011		2010	
Notional amount of derivative financial instruments by currency	**Fair value swaps £m**	**Cash flow swaps £m**	Fair value swaps £m	Cash flow swaps £m
Sterling	**545**	**–**	695	–
US Dollar	**642**	**109**	254	105
Euro	**–**	**138**	–	113
Japanese Yen	**–**	**70**	7	103
Other	**–**	**77**	–	68
Total	**1,187**	**394**	956	389

	2011			2010		
Effective currency denomination of borrowings after the effect of derivatives	**Gross borrowings £m**	**Forward currency contracts[1] £m**	**Effective currency of borrowings £m**	Gross borrowings £m	Forward currency contracts[1] £m	Effective currency of borrowings £m
Sterling	**696**	**139**	**835**	687	(156)	531
US Dollar	**1,193**	**(506)**	**687**	582	(103)	479
Euro	**32**	**193**	**225**	38	130	168
Japanese Yen	**1**	**65**	**66**	7	50	57
Other	**36**	**101**	**137**	34	82	116
Total	**1,958**	**(8)**	**1,950**	1,348	3	1,351

1 Includes cross currency swaps.

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20 Derivative financial instruments continued

Gross debt maturity analysis	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
	2011						
Fixed interest							
£325m Eurobond 2012	325	–	–	–	–	–	325
£250m Eurobond 2014	–	–	–	250	–	–	250
US private placements	289	–	77	–	104	675	1,145
Bank loans	–	–	–	–	–	–	–
Total fixed interest	614	–	77	250	104	675	1,720
Cash flow swaps (fixed leg)	201	193	–	–	–	–	394
Fair value swaps (fixed leg)	(453)	–	(67)	(200)	(61)	(406)	(1,187)
Fixed interest (asset)/liability	362	193	10	50	43	269	927
Floating interest							
Bank loans	29	4	–	1	47	2	83
Overdrafts	45	–	–	–	–	–	45
Total floating interest	74	4	–	1	47	2	128
Cash flow swaps (floating leg)	(201)	(193)	–	–	–	–	(394)
Fair value swaps (floating leg)	453	–	67	200	61	406	1,187
Floating interest (asset)/liability	326	(189)	67	201	108	408	921
Other							
Finance lease obligations	9	7	3	3	2	9	33
Fair value adjustments to borrowings[1]	12	–	4	30	6	23	75
Swap monetisation[1]	2	–	–	–	–	–	2
Other (asset)/liability	23	7	7	33	8	32	110
Gross debt excluding derivatives	711	11	84	284	159	709	1,958
Derivative financial instruments							
Derivative financial instruments[1]	(17)	–	(5)	(29)	(8)	(20)	(79)
Forward currency contracts and cross currency swaps[2]	(9)	–	–	–	1	–	(8)
Gross debt	685	11	79	255	152	689	1,871

1 Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 29).
2 Non-cash item (changes in the value of this non-cash item are reported via the foreign exchange caption in note 29).

Principal and interest maturity analysis	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
	2011						
Gross debt	685	11	79	255	152	689	1,871
Less: Overdrafts	(45)	–	–	–	–	–	(45)
Less: Fees and premiums capitalised on issue	1	–	–	–	3	2	6
Less: Other non-cash items	12	–	1	(1)	1	(3)	10
Repayment of principal	653	11	80	254	156	688	1,842
Interest cash flows on debt and derivatives (settled net)	110	61	57	54	29	124	435
Settlement of forward currency contracts and cross currency swaps – payable leg	69	–	–	–	51	–	120
Settlement of forward currency contracts and cross currency swaps – receivable leg	(68)	–	–	–	(50)	–	(118)
Repayment of principal and interest	764	72	137	308	186	812	2,279

20 Derivative financial instruments continued

Gross debt maturity analysis	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
	2010						
Fixed interest							
£325m Eurobond 2012	–	325	–	–	–	–	325
£250m Eurobond 2014	–	–	–	–	250	–	250
US private placements	77	285	–	76	–	138	576
Bank loans	7	–	–	–	–	–	7
Total fixed interest	84	610	–	76	250	138	1,158
Cash flow swaps (fixed leg)	192	197	–	–	–	–	389
Fair value swaps (fixed leg)	(157)	(452)	–	(67)	(200)	(80)	(956)
Fixed interest (asset)/liability	119	355	–	9	50	58	591
Floating interest							
Bank loans	14	5	2	–	2	2	25
Overdrafts	39	–	–	–	–	–	39
Total floating interest	53	5	2	–	2	2	64
Cash flow swaps (floating leg)	(192)	(197)	–	–	–	–	(389)
Fair value swaps (floating leg)	157	452	–	67	200	80	956
Floating interest (asset)/liability	18	260	2	67	202	82	631
Other							
Finance lease obligations	11	8	6	4	4	9	42
Fair value adjustments to borrowings[1]	–	30	–	5	37	7	79
Swap monetisation[1]	–	5	–	–	–	–	5
Other (asset)/liability	11	43	6	9	41	16	126
Gross debt excluding derivatives	148	658	8	85	293	156	1,348
Derivative financial instruments							
Derivative financial instruments[1]	(7)	(36)	–	(7)	(27)	(10)	(87)
Forward currency contracts and cross currency swaps[2]	3	–	–	–	–	–	3
Gross debt	144	622	8	78	266	146	1,264

1 Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 29).
2 Non-cash item (changes in the value of this non-cash item are reported via the foreign exchange caption in note 29).

Principal and interest maturity analysis	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
	2010						
Gross debt	144	622	8	78	266	146	1,264
Less: Overdrafts	(39)	–	–	–	–	–	(39)
Less: Fees and premiums capitalised on issue	–	–	–	–	–	–	–
Less: Other non-cash items	4	1	–	2	(10)	3	–
Repayment of principal	109	623	8	80	256	149	1,225
Interest cash flows on debt and derivatives (settled net)	85	80	33	31	28	6	263
Settlement of forward currency contracts and cross currency swaps – payable leg	454	–	–	–	–	–	454
Settlement of forward currency contracts and cross currency swaps – receivable leg	(450)	–	–	–	–	–	(450)
Repayment of principal and interest	198	703	41	111	284	155	1,492

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21 Trade and other payables

Trade and other payables	2011 Current £m	2011 Non-current £m	2011 Total £m	2010 Current £m	2010 Non-current £m	2010 Total £m
Net book value						
At 1 October	**2,683**	**34**	**2,717**	2,378	29	2,407
Net movement	**216**	**5**	**221**	288	4	292
Currency adjustment	**1**	**–**	**1**	17	1	18
At 30 September	**2,900**	**39**	**2,939**	2,683	34	2,717
Comprised of						
Trade payables[1]	**1,292**	**3**	**1,295**	1,107	5	1,112
Social security and other taxes	**279**	**–**	**279**	265	–	265
Other payables	**158**	**19**	**177**	156	17	173
Deferred consideration on acquisitions[1]	**23**	**10**	**33**	17	10	27
Liability on put options held by non-controlling equity partners[2]	**–**	**–**	**–**	–	1	1
Accruals[3]	**942**	**7**	**949**	942	1	943
Deferred income	**206**	**–**	**206**	196	–	196
Trade and other payables	**2,900**	**39**	**2,939**	2,683	34	2,717

1 Categorised as 'other financial liabilities' (IAS 39).
2 Categorised as 'fair value through profit or loss' (IAS 39).
3 Of this balance £334 million (2010: £299 million) is categorised as 'other financial liabilities' (IAS 39).

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

Trade payable days for the continuing business at 30 September 2011 were 69 days (2010: 63 days).

22 Provisions

Provisions	Insurance £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Environmental and other £m	Total £m
At 1 October 2009	163	89	49	127	37	465
Reclassified[1]	–	–	1	4	3	8
Expenditure in the year	(6)	(6)	(7)	(19)	(30)	(68)
Charged to income statement	17	–	11	21	12	61
Credited to income statement	–	(17)	(12)	(10)	(5)	(44)
Fair value adjustments arising on acquisitions	–	–	1	(1)	–	–
Business acquisitions	1	–	–	4	2	7
Unwinding of discount on provisions	–	–	–	–	–	–
Currency adjustment	2	–	1	3	(3)	3
At 30 September 2010	177	66	44	129	16	432
At 1 October 2010	**177**	**66**	**44**	**129**	**16**	**432**
Reclassified[1]	**–**	**–**	**(6)**	**8**	**(2)**	**–**
Expenditure in the year	**(4)**	**(7)**	**(7)**	**(6)**	**(13)**	**(37)**
Charged to income statement	**27**	**–**	**11**	**20**	**14**	**72**
Credited to income statement	**–**	**(5)**	**(3)**	**(17)**	**(3)**	**(28)**
Fair value adjustments arising on acquisitions (note 26)	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Business acquisitions	**–**	**–**	**1**	**–**	**1**	**2**
Unwinding of discount on provisions	**–**	**–**	**1**	**(1)**	**–**	**–**
Currency adjustment	**1**	**–**	**–**	**(2)**	**–**	**(1)**
At 30 September 2011	**201**	**54**	**41**	**130**	**13**	**439**

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

22 Provisions continued

Provisions	2011 £m	2010 £m
Current	**138**	130
Non-current	**301**	302
Total provisions	**439**	432

The provision for insurance relates to the costs of self-funded insurance schemes 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. Surplus provisions of £5 million (2010: £16 million) were credited to the discontinued operations section of the income statement in the year.

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.

Environmental provisions 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. The other provisions include provisions for restructuring.

Provisions are discounted to present value where the effect is material using the Group's weighted average cost of capital.

23 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 3% to 35% of pensionable salaries.

The contributions payable for defined contribution schemes of £58 million (2010: £54 million) have been fully expensed against profits in the current year.

UK schemes

Within the UK there are now two main arrangements following merger of the two defined benefits arrangements: the Compass Group Pension Plan ('the Plan') and the Compass Pension Scheme (the 'Scheme'), which took effect from 5 April 2011. The combined arrangement continues to be known as the Plan. The other continuing main arrangement is the Compass Retirement Income Savings Plan ('CRISP').

CRISP was launched on 1 February 2003. This has been the main vehicle for pension provision for new joiners in the UK since that date but existing members of the Plan and the Scheme had continued to accrue benefits under those arrangements up until 5 April 2010. CRISP is a contracted-in money purchase arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 3%). Within CRISP a new defined contribution section was established from April 2006 known as the Compass Higher Income Plan ('CHIP'). Senior employees who contribute to CRISP will receive an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Company's discretion. The payment towards CHIP may be taken in part, or in whole, as a cash supplement instead of a pension contribution.

The Plan is a defined benefit arrangement. It has been closed to new entrants since 2003 other than for transfers under public sector contracts where the Group is obliged to provide final salary benefits to transferring employees. Such transferees enter into the GAD sections of the Plan ('GAD members').

On 5 April 2010, the Plan and Scheme closed to future accrual for all existing members, other than those within the special sections of the Plan and Scheme for GAD members. The affected members were offered membership of CRISP from 6 April 2010.

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23 Post-employment benefit obligations continued

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuations of the Plan and the Scheme were as at 5 April 2010. The final results revealed a worsening in the funding positions since the previous valuations, although the effects of poor investment returns during the intervening period were lessened by the cautious investment strategy that has been set for these schemes.

Under the funding schedule agreed with the Plan and Scheme Trustees, the Group aimed to eliminate the 5 April 2010 deficit over the eight year period to 30 September 2018. On merger of the Plan and the Scheme an exceptional advance funding payment of £50 million was made by the Group to the Plan. A revised funding schedule was agreed with the Plan Trustees whereby the previously agreed combined annual deficit recovery payments will remain unchanged until 30 September 2013. The target remains to fully eliminate the 5 April 2010 deficit by 30 September 2018. The next triennial valuation is due to be completed as at 5 April 2013. The Plan is re-appraised annually by independent actuaries in accordance with IAS 19 'Employee Benefits' requirements.

CRISP has a Corporate Trustee. The Chairman, Tony Allen, is independent. The other six Trustee Directors are UK-based employees of the Group, three of whom have been nominated by CRISP members. The Plan has a Corporate Trustee. The Chairman, Peter Morriss, is independent. There are a further six Trustee Directors who are UK-based employees or former employees of the Group, three of whom have been nominated by Plan members.

Overseas schemes

In the USA, the main plan is a defined benefit plan. The funding policy, in accordance with government guidelines, is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The Group has made an exceptional advance funding payment of £10 million to this plan during the year. In Canada, Norway and Switzerland the Group also participates in funded defined benefit arrangements.

In other countries, Group employees participate primarily in state arrangements to which the Group makes the appropriate contributions.

Other than where required by local regulation or statute, the defined benefit schemes are closed to new entrants. For these schemes the current service cost will increase under the projected unit credit method as the members of the schemes approach retirement.

In addition, the Group contributes to a number of multi-employer union sponsored pension plans, primarily in the USA. These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans. The Group made total contributions of £8 million in the year (2010: £7 million) to these arrangements.

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		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Rate of increase in salaries[1]	**4.0%**	4.1%	3.3/4.3%	**3.0%**	4.0%	4.0%	**2.5%**	2.6%	2.6%
Rate of increase for pensions in payment[1]	**3.0%**	2.4/3.1%	2.3/3.3%	**2.3%**	2.5%	2.2%	**0.7%**	1.2%	1.3%
Rate of increase for deferred pensions[1]	**3.0%**	3.1%	3.3%	**0.0%**	0.0%	0.0%	**0.5%**	1.0%	1.1%
Discount rate	**5.1%**	5.0%	5.4%	**4.4%**	4.9%	5.5%	**3.7%**	3.8%	5.0%
Inflation assumption	**3.0%**	3.1%	3.3%	**2.3%**	2.5%	2.2%	**2.1%**	2.3%	2.2%

1 The rate of increase for the UK schemes varies according to the benefit structure.

23 Post-employment benefit obligations continued

The mortality tables used in the actuarial valuation imply life expectancy at age 65 in years for typical members as follows:

Life expectancy at 65	UK schemes				USA schemes	
	Male non-pensioner years	Male pensioner years	Female non-pensioner years	Female pensioner years	Male years	Female years
As at 30 September 2011	**22.3**	**20.7**	**25.1**	**23.5**	**19.0**	**20.9**
As at 30 September 2010	22.1	20.6	24.9	23.4	18.4	20.6

The expected rates of return on individual categories of plan assets are determined after taking advice from external experts and using available market data, for example, by reference to relevant equity and bond indices published by stock exchanges. The overall rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the respective investment portfolio of each plan.

	2011						
	UK schemes		**USA schemes**		**Other schemes**		
Fair value of plan assets	**Expected return**	**£m**	**Expected return**	**£m**	**Expected return**	**£m**	**Total £m**
Equity instruments	**7.0%**	**434**	**7.8%**	**84**	**6.9%**	**25**	**543**
Debt instruments	**3.4%**	**939**	**6.3%**	**108**	**3.0%**	**24**	**1,071**
Other	**6.0%**	**72**	**0.0%**	**–**	**3.9%**	**87**	**159**
Total plan assets	**4.6%**	**1,445**	**7.0%**	**192**	**4.3%**	**136**	**1,773**

	2010						
	UK schemes		USA schemes		Other schemes		
Fair value of plan assets	Expected return	£m	Expected return	£m	Expected return	£m	Total £m
Equity instruments	7.2%	398	7.6%	113	8.4%	21	532
Debt instruments	3.9%	881	4.3%	52	3.3%	29	962
Other	6.6%	69	3.0%	9	4.4%	67	145
Total plan assets	5.0%	1,348	6.4%	174	4.8%	117	1,639

	2009						
	UK schemes		USA schemes		Other schemes		
Fair value of plan assets	Expected return	£m	Expected return	£m	Expected return	£m	Total £m
Equity instruments	7.6%	389	10.1%	101	8.7%	23	513
Debt instruments	4.3%	807	5.5%	47	4.4%	50	904
Other	7.0%	67	3.5%	8	4.5%	33	108
Total plan assets	5.5%	1,263	8.4%	156	5.4%	106	1,525

	2011				2010			
Fair value of plan assets	**UK £m**	**USA £m**	**Other £m**	**Total £m**	UK £m	USA £m	Other £m	Total £m
At 1 October	**1,348**	**174**	**117**	**1,639**	1,263	156	106	1,525
Currency adjustment	**–**	**3**	**3**	**6**	–	2	5	7
Expected return on plan assets	**68**	**11**	**6**	**85**	68	13	6	87
Actuarial gain/(loss)	**(10)**	**(11)**	**(3)**	**(24)**	47	(2)	1	46
Employee contributions	**1**	**11**	**3**	**15**	2	12	3	17
Employer contributions	**86**	**20**	**17**	**123**	19	8	16	43
Benefits paid	**(48)**	**(16)**	**(14)**	**(78)**	(51)	(15)	(14)	(80)
Disposals and plan settlements	**–**	**–**	**(3)**	**(3)**	–	–	(6)	(6)
Acquisitions	**–**	**–**	**10**	**10**	–	–	–	–
At 30 September	**1,445**	**192**	**136**	**1,773**	1,348	174	117	1,639

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23 Post-employment benefit obligations continued

Present value of defined benefit obligations	2011 UK £m	2011 USA £m	2011 Other £m	2011 Total £m	2010 UK £m	2010 USA £m	2010 Other £m	2010 Total £m
At 1 October	**1,506**	**295**	**228**	**2,029**	1,405	259	197	1,861
Currency adjustment	**–**	**4**	**4**	**8**	–	2	6	8
Current service cost	**2**	**7**	**12**	**21**	6	6	10	22
Past service cost	**–**	**–**	**–**	**–**	–	–	–	–
Curtailment credit	**–**	**–**	**–**	**–**	–	–	–	–
Amount charged to plan liabilities	**74**	**16**	**9**	**99**	75	17	10	102
Actuarial (gain)/loss	**(36)**	**2**	**(7)**	**(41)**	69	14	21	104
Employee contributions	**1**	**11**	**3**	**15**	2	12	3	17
Benefits paid	**(48)**	**(16)**	**(14)**	**(78)**	(51)	(15)	(14)	(80)
Disposals and plan settlements	**–**	**–**	**(3)**	**(3)**	–	–	(6)	(6)
Acquisitions	**–**	**–**	**16**	**16**	–	–	1	1
At 30 September	**1,499**	**319**	**248**	**2,066**	1,506	295	228	2,029

Present value of defined benefit obligations	2011 UK £m	2011 USA £m	2011 Other £m	2011 Total £m	2010 UK £m	2010 USA £m	2010 Other £m	2010 Total £m
Funded obligations	**1,466**	**237**	**181**	**1,884**	1,473	218	164	1,855
Unfunded obligations	**33**	**82**	**67**	**182**	33	77	64	174
Total obligations	**1,499**	**319**	**248**	**2,066**	1,506	295	228	2,029

Post-employment benefit obligations recognised in the balance sheet	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Present value of defined benefit obligations	**2,066**	2,029	1,861	1,552	1,512
Fair value of plan assets	**(1,773)**	(1,639)	(1,525)	(1,419)	(1,442)
Total deficit of defined benefit pension plans per above	**293**	390	336	133	70
Surplus not recognised	**–**	–	1	–	92
Past service cost not recognised[1]	**(1)**	(1)	(2)	(2)	–
Post-employment benefit obligations per the balance sheet	**292**	389	335	131	162

1 To be recognised over the remaining service life in accordance with IAS 19.

Certain Group companies have taken out life insurance policies which will be used to meet unfunded pension obligations. The current value of these policies, £24 million (2010: £21 million), may not be offset against pension obligations under IAS 19 and is reported within note 14.

Total pension costs/(credits) recognised in the income statement	2011 UK £m	2011 USA £m	2011 Other £m	2011 Total £m	2010 UK £m	2010 USA £m	2010 Other £m	2010 Total £m
Current service cost	**2**	**7**	**12**	**21**	6	6	10	22
Past service cost	**–**	**–**	**–**	**–**	–	–	–	–
Charged/(credited) to operating expenses	**2**	**7**	**12**	**21**	6	6	10	22
Amount charged to pension liability	**74**	**16**	**9**	**99**	75	17	10	102
Expected return on plan assets	**(68)**	**(11)**	**(6)**	**(85)**	(68)	(13)	(6)	(87)
Charged/(credited) to finance costs	**6**	**5**	**3**	**14**	7	4	4	15
Total pension costs/(credits)	**8**	**12**	**15**	**35**	13	10	14	37

23 Post-employment benefit obligations continued

The history of experience adjustments is as follows:

Experience adjustments	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Experience adjustments on plan liabilities – gain/(loss)	**13**	19	(3)	5	(15)
Experience adjustments on plan assets – (loss)/gain	**(24)**	49	(7)	(189)	22

The actuarial (gains)/losses reported in the consolidated statement of comprehensive income can be reconciled as follows:

Actuarial adjustments	2011 £m	2010 £m
Actuarial (gains)/losses on fair value of plan assets	**24**	(46)
Actuarial (gains)/losses on defined benefit obligations	**(41)**	104
Actuarial (gains)/losses	**(17)**	58
Increase/(decrease) in surplus not recognised	**–**	(1)
Actuarial (gains)/losses per the consolidated statement of comprehensive income	**(17)**	57

The Group made total contributions to defined benefit schemes of £123 million in the year (2010: £43 million), including exceptional advance payments of £60 million (2010: £nil) and expects to make regular ongoing contributions to these schemes of £79 million in 2012.

The expected return on plan assets is based on market expectations at the beginning of the period. The actual return on assets was a gain of £61 million (2010: gain of £133 million).

The cumulative actuarial loss recognised in the consolidated statement of comprehensive income was £387 million (2010: £404 million). An actuarial gain of £17 million (2010: actuarial loss of £57 million) was recognised during the year.

Measurement of the Group's defined benefit retirement obligations is particularly sensitive to changes in certain key assumptions, including the discount rate and life expectancy. An increase or decrease of 0.5% in the UK discount rate would result in a £138 million decrease or £146 million increase in the UK defined benefit obligations, respectively. An increase or decrease of one year in the life expectancy of all UK members from age 65, would result in a £43 million increase or £42 million decrease in the UK defined benefit obligations, respectively.

24 Called up share capital

During the year 4,415,950 options were granted under The Compass Group Share Option Plan 2010. All options were granted over the Company's ordinary shares and the grant price was equivalent to the market value of the Company's shares at the date of grant. No options were granted under any of the Company's other share option plans.

In addition, rights to acquire 127,500 ordinary shares were granted during the year which are subject to restrictions.

	2011		2010	
Authorised and allotted share capital	**Number of shares**	**£m**	Number of shares	£m
Authorised:				
Ordinary shares of 10p each	**3,000,010,000**	**300**	3,000,010,000	300
Allotted and fully paid:				
Ordinary shares of 10p each	**1,897,584,193**	**190**	1,886,343,012	189

	2011	2010
Allotted share capital	**Number of shares**	Number of shares
Ordinary shares of 10p each allotted as at 1 October	**1,886,343,012**	1,853,813,959
Ordinary shares allotted during the year on exercise of share options	**8,677,203**	30,487,113
Ordinary shares allotted during the year on release of Long-Term Incentive Plan awards	**2,563,978**	2,041,940
Repurchase of ordinary share capital	**–**	–
Ordinary shares of 10p each allotted as at 30 September	**1,897,584,193**	1,886,343,012

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24 Called up share capital continued

At 30 September 2011, employees held options over a total of 27,504,180 ordinary shares under the Group's Executive and Management Share Option Plans and the UK Sharesave Plan as follows:

Executive and Management Share Option Plans	Exercisable	Number of shares	Option price per share pence
Date of grant:			
23 May 2002	23 May 2005 – 22 May 2012	1,699,200	422.00
30 September 2002	30 September 2005 – 29 September 2012	264,195	292.50
4 December 2002	4 December 2005 – 3 December 2012	263,850	313.75
28 May 2003	28 May 2006 – 27 May 2013	1,504,600	320.00
3 December 2003	3 December 2006 – 2 December 2013	24,000	356.00
3 December 2003	3 December 2006 – 2 December 2013	637,600	356.00
3 August 2004	3 August 2007 – 2 August 2014	125,000	316.25
3 August 2004	3 August 2007 – 2 August 2014	1,816,940	316.25
1 December 2004	1 December 2007 – 30 November 2014	100,000	229.25
1 December 2004	1 December 2007 – 30 November 2014	2,551,850	229.25
14 December 2005	14 December 2008 – 13 December 2015	1,175,400	210.00
12 June 2006	12 June 2009 – 11 June 2016	10,000	234.50
30 March 2007	30 March 2010 – 29 March 2017	1,491,769	335.75
28 September 2007	28 September 2010 – 27 September 2017	70,034	310.75
28 March 2008	28 March 2011 – 27 March 2018	2,366,800	321.50
30 September 2008	30 September 2011 – 29 September 2018	169,013	331.25
31 March 2009	31 March 2012 – 30 March 2019	4,637,561	319.00
30 September 2009	30 September 2012 – 29 September 2019	179,397	372.40
13 May 2010	13 May 2013 – 12 May 2020	3,838,260	557.50
25 November 2010	25 November 2014 – 24 November 2020	103,799	566.00
19 May 2011	19 May 2014 – 18 May 2021	4,286,728	575.00
		27,315,996	

UK Sharesave Plan	Exercisable	Number of shares	Option price per share pence
Date of grant:			
1 July 2004	1 September 2011 – 28 February 2012	2,636	266.80
1 July 2005	1 September 2012 – 28 February 2013	185,548	179.20
		188,184	

1 The options vest over a three, five and seven-year period. The range of exercisable dates reflects the options outstanding at the balance sheet date.

In addition, ordinary shares are also awarded under the Compass Group Long Term Incentive Plan 2010 ('2010 LTIP') and the Compass Group Long-Term Incentive Plan ('2000 LTIP'):

Long-Term Incentive Plans	Maturity date	Number of shares	Performance conditions
Date of award:			
28 November 2008	1 October 2011	1,834,184	50% TSR/50% GFCF
1 December 2009	1 October 2012	1,606,550	50% TSR/50% GFCF
13 May 2010	1 October 2012	264,912	50% TSR/50% GFCF
25 November 2010	1 October 2013	1,360,106	50% TSR/50% GFCF
		5,065,752	

1 The performance and vesting conditions are described in more detail in note 25.

24 Called up share capital continued

In addition, ordinary shares have been awarded to employees which are subject to restrictions and will only vest should set performance targets be achieved.

Restricted shares	Vesting date	Number of shares	Performance conditions
Date of award:			
28 March 2011	28 March 2012	20,000	Service
28 March 2011	28 March 2013	20,000	Service
28 March 2011	1 December 2014	67,500	Service and performance
		107,500	

25 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 the Directors' Remuneration Report on pages 53 to 60.

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

	2011		2010	
Executive and Management Share Option Plans	**Number of share options**	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at 1 October	**32,250,313**	**356.02**	59,669,846	325.03
Granted	**4,415,950**	**574.76**	4,102,900	557.50
Exercised	**(8,361,093)**	**359.23**	(29,486,748)	322.38
Expired	**(98,200)**	**430.00**	–	–
Lapsed	**(890,974)**	**403.73**	(2,035,685)	340.88
Outstanding at 30 September	**27,315,996**	**388.58**	32,250,313	356.02
Exercisable at 30 September	**14,270,251**	**308.68**	18,645,559	329.48

The balance in the prior year includes options over 2,588,750 shares that were granted on or before 7 November 2002 and had vested by 1 October 2004. These options had not been subsequently modified and therefore did not need to be accounted for in accordance with International Financial Reporting Standard 2 'Share-based payment'.

	2011		2010	
UK Sharesave Plan	**Number of share options**	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at 1 October	**356,375**	**188.14**	1,348,873	191.22
Exercised	**(125,871)**	**195.46**	(916,724)	187.63
Lapsed	**(42,320)**	**200.69**	(75,774)	249.16
Outstanding at 30 September	**188,184**	**180.43**	356,375	188.14
Exercisable at 30 September	**2,636**	**266.80**	95,179	182.46

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25 Share-based payments continued

International Sharesave Plan	2011 Number of share options	2011 Weighted average exercise price pence	2010 Number of share options	2010 Weighted average exercise price pence
Outstanding at 1 October	**290,590**	**179.20**	603,048	217.82
Exercised	**(190,239)**	**179.20**	(83,611)	254.60
Lapsed	**(100,351)**	**179.20**	(228,847)	253.43
Outstanding at 30 September	**–**	**–**	290,590	179.20
Exercisable at 30 September	**–**	**–**	290,590	179.20

Options granted under the International Sharesave Plan represented appreciation rights over the number of shares shown. When exercised, the holders received a number of shares calculated by reference to the increase in the market price at the time of exercise over the option price (as shown in the table above). Any remaining share appreciation rights are shown in the table above as lapsed.

Information relating to all option schemes

The weighted average share price at the date of exercise for share options exercised during the year was 573.44 pence (2010: 487.67 pence).

The options outstanding at the end of the year have a weighted average remaining contractual life of 5.9 years (2010: 5.5 years) for executive and management options and 1.4 years (2010: 1.2 years) for employee schemes.

In the year, options were granted on 25 November 2010 and 19 May 2011 under the terms of the CSOP 2010. The estimated fair value of options granted on these dates was 134.75 pence and 151.88 pence respectively. In 2010, options were granted on 13 May 2010. The estimated fair value of these options was 159.60 pence.

Fair values for the executive and management schemes were calculated using a binomial distribution option pricing model so that proper allowance is made for the presence of performance conditions and the possibility of early exercise. In addition, a Monte Carlo simulation model was used to estimate the probability of performance conditions being met. Fair values for options granted under employee savings-related schemes are calculated using the Black-Scholes option pricing model. The inputs to the option pricing models are reassessed for each grant.

The expected volatility is calculated with reference to weekly movements in the Compass share price over the three years prior to the grant date.

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

Assumptions – options	2011	2010
Expected volatility	**35.0%**	37.0%
Risk free interest rate	**2.5%**	2.8%
Dividend yield	**3.3%**	2.5%
Expected life	**6.0 years**	6.0 years
Weighted average share price at date of grant	**584.49p**	559.00p
Weighted average option exercise price	**574.76p**	557.50p

Vesting of options awarded from October 2005 onwards depends on the achievement of the Group Free Cash Flow ('GFCF') target. For options granted after 30 September 2006, 25% of the awards will vest if the threshold GFCF target is met and 100% of the awards will vest if the maximum GFCF target is met. Awards vest on a straight-line basis for GFCF between these two points.

Executive and Management Share Option Plans	Performance period	Target: Threshold GFCF £m	Threshold % of award	Maximum GFCF £m	Maximum % of award
Granted on:					
31 March 2009 and 30 September 2009	1 October 2008 – 30 September 2011	1,419	25%	1,490	100%
13 May 2010	1 October 2009 – 30 September 2012	1,822	25%	1,913	100%
25 November 2010 and 19 May 2011	1 October 2010 – 30 September 2013	2,181	25%	2,290	100%

Performance targets applying to earlier grants under the Executive and Management Share Option Plans have been met in full. No performance targets apply to the UK or International Sharesave Plans.

25 Share-based payments continued

Long-Term Incentive Plans

Full details of the 2010 LTIP and the 2000 LTIP can be found in the Directors' Remuneration Report on pages 53 to 60.

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

Long-Term Incentive Plans	2011 Number of shares	2010 Number of shares
Outstanding at 1 October	**6,269,624**	6,440,102
Awarded	**1,360,106**	1,871,462
Released	**(2,563,978)**	(2,041,940)
Lapsed	**–**	–
Outstanding at 30 September	**5,065,752**	6,269,624
Exercisable at 30 September	**–**	–

Vesting of 50% of LTIP awards made from 1 October 2005 onwards is dependent on the Group's total shareholder return ('TSR') performance relative to a comparator group of companies included within the FTSE 100 Index. The comparator group used for the award for the year commencing 1 October 2006 comprised all companies within the FTSE 100 Index, whereas, for subsequent years, only non-financial companies have been included. This performance condition is treated as a market-based condition for valuation purposes and an assessment of the vesting probability is built into the grant date fair value calculations. This assessment was calculated using a Monte Carlo simulation option pricing model.

The remaining 50% of LTIP awards made from 1 October 2005 onwards depends on the achievement of the GFCF target. 25% of that part of the award will vest if the threshold GFCF target is met and 100% of that part of the award will vest if the maximum GFCF target is met. Awards vest on a straight-line basis between these two points.

		Target			
		Threshold		Maximum	
Long-Term Incentive Plans	Performance period	GFCF £m	% of award	GFCF £m	% of award
Awarded year commencing:					
1 October 2008	1 October 2008 – 30 September 2011	1,419	25%	1,490	100%
1 October 2009	1 October 2009 – 30 September 2012	1,822	25%	1,913	100%
1 October 2010	1 October 2010 – 30 September 2013	2,181	25%	2,290	100%

The fair value of awards subject to GFCF performance targets was calculated using the Black-Scholes option pricing model, the vesting probability being assessed based on a simulation model of the GFCF forecast. The GFCF performance targets relating to LTIP awards made in the years commencing 1 October 2006 and 1 October 2007 were met in full and the maximum number of shares available were released to the participants.

The element of awards made in the years commencing 1 October 2006 and 1 October 2007 dependent upon TSR performance targets also vested in full and the maximum number of shares available were released to participants as the Company's TSR performance was within the top quartile of the comparator group. The weighted average share price at the date of release for LTIP awards released during 2011 was 568.02 pence (2010: 433.79 pence).

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.1 years (2010: 1.1 years).

For year ended 30 September 2011, LTIP awards were made on 25 November 2010 for which the estimated fair value was 358.32 pence. For year ended 30 September 2010, LTIP awards were made on 1 December 2009 and 13 May 2010 for which the estimated fair values were 278.68 pence and 358.63 pence respectively. The awards made on 13 May 2010 and 25 November 2010 were under the terms of 2010 LTIP whereas the award made on 1 December 2009 was under the terms of the previous plan.

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for the year ended 30 September 2011

25 Share-based payments continued

The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculating the fair value of LTIP awards made during the year:

Assumptions – Long-Term Incentive Plans	2011	2010
Expected volatility	**35.9%**	36.0%
Risk free interest rate	**1.0%**	1.6%
Dividend yield	**3.2%**	2.9%
Expected life	**2.8 years**	2.8 years
Weighted average share price at date of grant	**548.00p**	456.84p

Restricted shares

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

Restricted shares	2011 Number of shares	2010 Number of shares
Outstanding at 1 October	**–**	–
Awarded	**127,500**	–
Lapsed	**(20,000)**	–
Outstanding at 30 September	**107,500**	–
Exercisable at 30 September	**–**	–

The fair value of restricted shares awarded in the year was calculated using the Black-Scholes option pricing model, using the following assumptions:

Assumptions – options	2011	2010
Expected volatility	**35.1%**	–
Risk free interest rate	**1.0%**	–
Dividend yield	**3.2%**	–
Expected life	**2.7 years**	–
Weighted average share price at date of grant	**555.00p**	–

Long-Term Bonus Plan

Certain executives participating in the Long-Term Bonus Plan in prior years received an award of deferred Compass Group PLC shares. The award of bonus shares is subject to performance conditions and matching shares may be released by the Company following the completion of a further period of service. The terms of the Plan require that these shares are purchased in the market, rather than being issued by the Company. The shares are purchased and distributed by the ESOP and LTIPT.

The following table illustrates the movement in the number of awards during the year:

Long-Term Bonus Plan	2011 Number of shares	2010 Number of shares
Outstanding at 1 October	**543,451**	871,486
Released	**(106,469)**	(316,811)
Forfeited	**(32,963)**	(11,224)
Outstanding at 30 September	**404,019**	543,451

The fair value of bonus shares awarded is calculated using the Black-Scholes option pricing model; however, no new awards were made in either 2011 or 2010.

The weighted average share price at the date of exercise for share bonus awards released during 2011 was 569.20 pence (2010: 476.89 pence). The share bonus awards have all vested, although certain executives have elected to defer taking their entitlements for a further period of up to 6.3 years (2010: 7.3 years), the weighted average deferral period being 3.3 years (2010: 3.8 years).

Income statement expense and carrying value

The Group recognised an expense of £10 million (2010: £9 million) for continuing operations in respect of equity-settled share-based payment transactions.

26 Business combinations

On 8 March 2011, the Group acquired Coffee Distributing Corp ('CDC') through its subsidiary Canteen Vending Services, Inc and BW HLS Holdings, Inc ('HLS') through its subsidiary Crothall Services Group, Inc for the aggregate consideration of £59 million. Building on our existing presence in this sector and now providing us with wider geographic coverage, CDC is the largest office coffee and refreshment service company in the New York, New Jersey and Connecticut areas. Based in Illinois, HLS provides support services to the Healthcare sector throughout the central United States.

On 1 April 2011, Compass Group acquired PPP-Infrastructure Management Limited ('PPP-IML') from Semperian PPP Investment Partners for a cash consideration of £11 million. The acquisition strengthens the Group's existing support services offer in the important sectors of Healthcare, Education and Defence.

On 29 April 2011, Compass Group acquired Elior Nederland BV ('Elior Nederland') for a total consideration of €66 million (£58 million). Elior Nederland is an established foodservices business, based in Amsterdam, and operates in the Business & Industry, Education and Healthcare sectors.

On 13 July 2011, Compass Group acquired the remaining 50.01% additional shares of Sofra Yemek Üretim Ve Hizmet A.S. for a cash consideration of $145 million (£91 million). The treatment is explained in note 5. 100% of the acquired assets are shown in the table below, as is the disposal of the fair value of joint venture interest previously held.

In addition to the acquisitions set out above, the Group has also completed a number of smaller infill acquisitions in several countries for the total consideration of £207 million.

	Acquisitions		Adjustments[1]	Total
	Book value £m	Fair value £m	Fair value £m	Fair value £m
Net assets acquired				
Contract-related and other intangibles arising on acquisition	64	163	9	172
Property, plant and equipment	27	27	–	27
Inventories	18	18	–	18
Trade and other receivables	84	80	–	80
Cash and cash equivalents	18	18	–	18
Other assets	48	48	–	48
Trade and other payables	(79)	(82)	–	(82)
Deferred tax liabilities	1	(15)	(4)	(19)
Other liabilities	(27)	(23)	2	(21)
Fair value of net assets acquired	154	234	7	241
Goodwill arising on acquisition		241	(7)	234
Total consideration		475	–	475
Satisfied by				
Cash consideration		417	–	417
Deferred consideration		23	–	23
Fair value of joint venture interest previously owned		35	–	35
		475	–	475
Cash flow				
Cash consideration		417	–	417
Cash acquired		(18)	–	(18)
Acquisitions transaction costs		9	–	9
Net cash outflow arising on acquisition		408	–	408
Deferred consideration and other payments relating to previous acquisitions				18
Total cash outflow arising from the purchase of subsidiary companies and investments in associated undertakings				426

1 Adjustments to provisional amounts in respect of prior year acquisitions in accordance with International Financial Reporting Standard 3 'Business Combinations 2003'.
2 Deferred consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

Notes to the consolidated financial statements

for the year ended 30 September 2011

26 Business combinations continued

Adjustments made to the fair value of assets acquired include the value of intangible assets, provisions and other adjustments recognised on acquisition in accordance with International Financial Reporting Standard 3 'Business Combinations' (revised 2008). The adjustments made in respect of acquisitions in the year to 30 September 2011 are provisional and will be finalised within 12 months of the acquisition date.

The goodwill arising on the acquisition of the businesses represents the premium the Group paid to acquire companies which complement the existing business and create significant opportunities for cross-selling and other synergies. Of the goodwill arising, an amount of £35 million is expected to be deductible for tax purposes.

Acquisition transaction costs expensed in the year to 30 September 2011 were £9 million (2010: £5 million).

In the period from acquisition to 30 September 2011 the acquisitions contributed revenue of £186 million and operating profit of £2 million to the Group's results.

If the acquisitions had occurred on 1 October 2010, it is estimated that Group revenue for the period would have been £16,195 million and total Group operating profit (including associates) would have been £1,032 million.

27 Reconciliation of operating profit to cash generated by operations

Reconciliation of operating profit to cash generated by continuing operations	**2011 £m**	2010 £m
Operating profit from continuing operations	**1,010**	983
Add back: UK re-organisation	**55**	–
Operating profit from continuing operations before UK re-organisation	**1,065**	983
Adjustments for:		
Acquisition transaction costs	**9**	5
Amortisation of intangible assets (excluding UK re-organisation)	**94**	90
Amortisation of intangible assets arising on acquisition	**12**	7
Depreciation of property, plant and equipment (excluding UK re-organisation)	**160**	148
(Gain)/loss on disposal of property, plant and equipment/intangible assets	**1**	–
Impairment of other investments	**–**	1
Impairment of goodwill (excluding UK re-organisation)	**2**	–
Increase/(decrease) in provisions	**8**	(25)
Increase/(decrease) in post-employment benefit obligations	**(42)**	(19)
Share-based payments expense – non-controlling interest call option	**–**	2
Share-based payments – charged to profits	**10**	9
Share-based payments – settled in cash or existing shares[1]	**–**	1
Operating cash flows before movement in working capital	**1,319**	1,202
(Increase)/decrease in inventories	**(16)**	–
(Increase)/decrease in receivables	**(157)**	(87)
Increase/(decrease) in payables	**152**	215
Cash generated by continuing operations	**1,298**	1,330

1 It was originally anticipated these payments would be satisfied by the issue of new shares.

28 Cash flow from discontinued operations

Cash flow from discontinued operations	2011 £m	2010 £m
Net cash from/(used in) operating activities of discontinued operations		
Cash utilised from discontinued operations	**(6)**	3
Tax paid	**–**	–
Net cash from/(used in) operating activities of discontinued operations	**(6)**	3
Net cash from/(used in) investing activities by discontinued operations		
Purchase of property, plant and equipment	**–**	–
Proceeds from sale of property, plant and equipment	**–**	–
Net cash from/(used in) investing activities by discontinued operations	**–**	–
Net cash from/(used in) financing activities by discontinued operations		
Dividends paid to non-controlling interests	**–**	–
Net cash from/(used in) financing activities by discontinued operations	**–**	–

29 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 2009	588	(71)	(1,476)	(1,547)	(53)	69	(1,531)	(943)
Net increase/(decrease) in cash and cash equivalents	51	–	–	–	–	–	–	51
Cash outflow from repayment of bonds	–	–	200	200	–	–	200	200
Cash (inflow)/outflow from other changes in gross debt	–	34	54	88	–	18	106	106
Cash (inflow)/outflow from repayment of obligations under finance leases	–	–	–	–	15	–	15	15
(Increase)/decrease in net debt as a result of new finance leases taken out	–	–	–	–	(3)	–	(3)	(3)
Currency translation gains/(losses)	4	(2)	(5)	(7)	–	(8)	(15)	(11)
Acquisitions and disposals (excluding cash)	–	–	(40)	(40)	(1)	–	(41)	(41)
Other non-cash movements	–	–	–	–	–	5	5	5
At 30 September 2010	643	(39)	(1,267)	(1,306)	(42)	84	(1,264)	(621)
At 1 October 2010	**643**	**(39)**	**(1,267)**	**(1,306)**	**(42)**	**84**	**(1,264)**	**(621)**
Net increase/(decrease) in cash and cash equivalents	**467**	**–**	**–**	**–**	**–**	**–**	**–**	**467**
Cash outflow from repayment of bonds	**–**	**–**	**83**	**83**	**–**	**–**	**83**	**83**
Cash (inflow)/outflow from other changes in gross debt	**–**	**(6)**	**(683)**	**(689)**	**–**	**(4)**	**(693)**	**(693)**
Cash flow from repayment of obligations under finance leases	**–**	**–**	**–**	**–**	**12**	**–**	**12**	**12**
(Increase)/decrease in net debt as a result of new finance leases taken out	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**	**(2)**
Currency translation gains/(losses)	**–**	**–**	**(14)**	**(14)**	**–**	**16**	**2**	**2**
Acquisitions and disposals (excluding cash)	**–**	**–**	**(8)**	**(8)**	**(1)**	**–**	**(9)**	**(9)**
Other non-cash movements	**–**	**–**	**9**	**9**	**–**	**(9)**	**–**	**–**
At 30 September 2011	**1,110**	**(45)**	**(1,880)**	**(1,925)**	**(33)**	**87**	**(1,871)**	**(761)**

Notes to the consolidated financial statements

for the year ended 30 September 2011

29 Reconciliation of net cash flow to movement in net debt continued

Other non-cash movements are comprised as follows:

Other non-cash movements in net debt	2011 £m	2010 £m
Accrual for issuance fees	**2**	–
Amortisation of the fair value adjustment in respect of the £250 million Sterling Eurobond redeemable in 2014	**4**	4
Swap monetisation credit	**2**	4
Unrealised net gains/(losses) on bank and other borrowings in a designated fair value hedge	**1**	(8)
Bank and other borrowings	**9**	–
Changes in the value of derivative financial instruments	**(9)**	5
Other non-cash movements	**–**	5

30 Contingent liabilities

Performance bonds, guarantees and indemnities[1]	2011 £m	2010 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**371**	354

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 32.

Performance bonds, guarantees and indemnities

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint 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 Services

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

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

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

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

Other litigation

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.

Outcome

Although it is not possible to predict the outcome 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.

31 Capital commitments

Capital commitments	2011 £m	2010 £m
Contracted for but not provided for	**106**	70

The majority of capital commitments are for intangible assets.

32 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:

	2011			2010		
	Operating leases		Other occupancy rentals £m	Operating leases		Other occupancy rentals £m
Operating lease and concessions commitments	Land and buildings £m	Other assets £m		Land and buildings £m	Other assets £m	
Falling due within 1 year	**51**	**50**	**59**	50	52	43
Falling due between 2 and 5 years	**121**	**68**	**60**	118	90	53
Falling due in more than 5 years	**82**	**7**	**36**	62	7	36
Total	**254**	**125**	**155**	230	149	132

33 Related party transactions

The following transactions were carried out with related parties of Compass Group PLC:

Subsidiaries

Transactions between the Ultimate Parent Company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

Joint ventures

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

Associates

The balances with associated undertakings are shown in note 16. There were no significant transactions with associated undertakings during the year.

Key management personnel

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

34 Post balance sheet events

On 3 August 2011 Compass Group had agreed to acquire the entire issued share capital of Obasan Gıda İnşaat Sanayi ve Ticaret Anonim Şirketi ('Obasan'), subject to obtaining clearance from the board of the competition authority of the Republic of Turkey. The necessary clearance has been received and the acquisition completed on 3 October 2011. For the year ended 31 December 2010, it generated revenues of 89.7 million Turkish Lira (£34.8 million).

On 21 October 2011, Compass Group acquired Integrated Cleaning Management Limited ('ICM') from Paul Rafferty and Coral Brodie. For the year ended 31 March 2011, ICM had revenues of £61.0 million. ICM is one of the UK's largest independent specialist providers of core cleaning and related services. ICM operates across the UK, with a particular focus on the corporate office, hospitality, leisure, hotel and retail sectors.

Notes to the consolidated financial statements

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35 Exchange rates

Exchange rates	2011	2010
Average exchange rate for year		
Australian Dollar	**1.57**	1.74
Brazilian Real	**2.65**	2.77
Canadian Dollar	**1.59**	1.64
Euro	**1.15**	1.15
Japanese Yen	**129.63**	139.19
Norwegian Krone	**9.05**	9.34
South African Rand	**11.17**	11.64
Swedish Krona	**10.40**	11.28
Swiss Franc	**1.45**	1.63
UAE Dirham	**5.90**	5.73
US Dollar	**1.61**	1.56
Closing exchange rate as at 30 September		
Australian Dollar	**1.60**	1.63
Brazilian Real	**2.89**	2.67
Canadian Dollar	**1.62**	1.62
Euro	**1.16**	1.15
Japanese Yen	**120.08**	131.64
Norwegian Krone	**9.15**	9.23
South African Rand	**12.52**	10.99
Swedish Krona	**10.70**	10.61
Swiss Franc	**1.42**	1.54
UAE Dirham	**5.72**	5.79
US Dollar	**1.56**	1.58

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

36 Details of principal subsidiary companies

All companies listed below are wholly owned by the Group, except where otherwise indicated. All interests are in the ordinary share capital. All companies operate principally in their country of incorporation. A full list of the Group's operating subsidiary undertakings will be annexed to the next annual return.

Principal subsidiaries	Country of incorporation	Principal activities
North America		
Compass Group Canada Ltd	Canada	Foodservice and support services
Bon Appétit Management Co	USA	Foodservice
Compass Group USA Investments, Inc	USA	Holding company
Compass Group USA, Inc	USA	Foodservice and support services
Crothall Services Group	USA	Support services to the healthcare market
Flik International Corp	USA	Fine dining facilities
Foodbuy LLC	USA	Purchasing services in North America
Levy Restaurants LP	USA	Fine dining and foodservice at sports and entertainment facilities
Morrison Management Specialists, Inc	USA	Foodservice to the healthcare and senior living market
Restaurant Associates Corp	USA	Fine dining facilities
Wolfgang Puck Catering & Events, LLC (90%)	USA	Fine dining facilities
Continental Europe		
Compass Group France Holdings SAS	France	Holding company
Compass Group France	France	Foodservice and support services
Compass Group Deutschland GmbH	Germany	Holding company
Medirest GmbH & Co OHG	Germany	Foodservice to the healthcare and senior living market
Eurest Deutschland GmbH	Germany	Foodservice to business and industry
Eurest Services GmbH	Germany	Support services to business and industry
Eurest Sports & Food GmbH	Germany	Foodservice to the sports and leisure market
Compass Group Italia S.P.A	Italy	Foodservice, support services and prepaid meal vouchers
Compass Group International BV	Netherlands	Holding company
Compass Group Nederland BV	Netherlands	Foodservice and support services
Compass Group Nederland Holding BV	Netherlands	Holding company
Eurest Services BV	Netherlands	Foodservice and support services
Compass Group Holdings Spain, S.L.	Spain	Holding company
Eurest Colectividades S.L.	Spain	Foodservice and support services
Compass Group (Schweiz) AG	Switzerland	Foodservice and support services
Restorama AG	Switzerland	Foodservice
Sofra Yemek Üretim Ve Hizmet A.S.	Turkey	Foodservice and support services
United Kingdom & Ireland		
Compass Contract Services (UK) Ltd	England & Wales	Foodservice and support services
Compass Group Holdings PLC	England & Wales	Holding company and corporate activities
Compass Group, UK & Ireland Ltd	England & Wales	Holding company
Compass Group Procurement Ltd	England & Wales	Purchasing services throughout the world
Compass Purchasing Ltd	England & Wales	Purchasing services in the UK and Ireland
Compass Services UK Ltd	England & Wales	Foodservice and support services
Hospitality Holdings Ltd[1]	England & Wales	Intermediate holding company
Letheby & Christopher Ltd	England & Wales	Foodservice for the UK sports and events market
Scolarest Ltd	England & Wales	Foodservice for the UK education market
VSG Group Ltd	England & Wales	Security and support services
Rest of the World		
Compass Group (Australia) Pty Ltd	Australia	Foodservice and support services
GR SA	Brazil	Foodservice and support services
Seiyo Food – Compass Group, Inc	Japan	Foodservice and support services
Compass Group Southern Africa (Pty) Ltd (97.5%)	South Africa	Foodservice and support services

1 Held directly by the Parent Company.

Parent Company financial statements

Directors' responsibilities

The Annual Report and Accounts complies with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report.

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

We confirm that to the best of our knowledge:

- the accounts of the Company have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company.

On behalf of the Board



Mark J White
General Counsel and Company Secretary
23 November 2011

The Directors are required by law to prepare separate financial statements for the Company in accordance with the Companies Act 2006. The Directors have chosen to prepare these financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Compass Group PLC

Introduction

We have audited the Parent Company financial statements of Compass Group PLC for the year ended 30 September 2011 which comprise the Parent Company balance sheet, the accounting policies and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matters

We have reported separately on the Group financial statements of Compass Group PLC for the year ended 30 September 2011.



Ian Waller (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
23 November 2011

Parent Company balance sheet

as at 30 September 2011

Compass Group PLC	Notes	2011 £m	2010 £m
Fixed assets			
Investments	2	**961**	958
Current assets			
Debtors: Amounts falling due within one year	3	**7,334**	6,149
Debtors: Amounts falling due after more than one year	3	**64**	81
Cash at bank and in hand		**875**	433
Current assets		**8,273**	6,663
Creditors: Amounts falling due within one year			
Creditors: Amounts falling due within one year	4	**(6,067)**	(5,129)
Net current assets			
Net current assets		**2,206**	1,534
Total assets less current liabilities			
Total assets less current liabilities		**3,167**	2,492
Creditors: Amounts falling due after more than one year			
Creditors: Amounts falling due after more than one year	4	**(1,208)**	(1,146)
Net assets			
Net assets		**1,959**	1,346
Capital and reserves			
Share capital	7, 8	**190**	189
Share premium account	8	**353**	317
Capital redemption reserve	8	**44**	44
Share-based payment reserve	8	**149**	145
Profit and loss reserve	8	**1,223**	651
Total equity		**1,959**	1,346

Approved by the Board of Directors on 23 November 2011 and signed on their behalf by

Richard J Cousins, Director
Andrew D Martin, Director

Parent Company accounting policies

for the year ended 30 September 2011

Introduction

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

A Accounting convention and basis of preparation

These financial statements have been prepared in accordance with applicable UK Generally Accepted Accounting Practice (UK GAAP) and the Companies Act 2006 using the historical cost convention modified for the revaluation of certain financial instruments.

B Exemptions

The Company's financial statements are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2011. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The Company has also taken advantage of the exemption from presenting a cash flow statement under the terms of FRS 1 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing transactions with other members of Compass Group.

The Compass Group PLC consolidated financial statements for the year ended 30 September 2011 contain financial instrument disclosures which comply with FRS 29 'Financial Instruments: Disclosures'. Consequently, the Company has taken advantage of the exemption in FRS 29 not to present separate financial instrument disclosures for the Company.

C Change in accounting policies

The Company has not applied any accounting standards for the first time in the year ended 30 September 2011.

D Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment. In the opinion of the Directors the value of such investments is not less than that shown at the balance sheet date.

E Foreign currency

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the year end. Gains and losses arising on retranslation are included in the profit and loss account for the year.

F Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost plus or minus the fair value attributable to the risk being hedged.

G Derivatives and other financial instruments

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. Derivative instruments utilised include interest rate swaps, cross currency swaps and forward currency contracts. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

H Dividends

Dividends are recognised in the Company's financial statements in the year in which they are approved in general meeting by the Company's shareholders. Interim dividends are recognised when paid.

I Deferred tax

Deferred tax is provided at the anticipated rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

J Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using either the binomial distribution or Black-Scholes pricing models as is most appropriate for each scheme. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in Group undertakings is reported with a corresponding increase in shareholders' funds. For details of the charge see note 25 to the consolidated financial statements.

Notes to the Parent Company financial statements

for the year ended 30 September 2011

1 Profit and loss account disclosures

The Company profit on ordinary activities after tax was £932 million (2010: £184 million).

The fee for the audit of the Company's annual financial statements was £0.4 million (2010: £0.4 million).

The Company had no direct employees in the course of the year (2010: none).

2 Investments in subsidiary undertakings

Investments in subsidiary undertakings	2011 £m	2010 £m
Cost		
At 1 October	**959**	960
Additions	**–**	1
Share-based payments to employees of subsidiaries	**10**	9
Recharged to subsidiaries during the year	**(6)**	(10)
Settlement of share-based payments by subsidiaries	**(1)**	(1)
At 30 September	**962**	959
Provisions		
At 1 October	**1**	–
Additions	**–**	1
At 30 September	**1**	1
Net book value		
At 30 September	**961**	958

The principal subsidiary undertakings are listed in note 36 to the consolidated financial statements.

3 Debtors

	2011			2010		
Debtors	Falling due within 1 year £m	Falling due after more than 1 year £m	Total £m	Falling due within 1 year £m	Falling due after more than 1 year £m	Total £m
Amounts owed by subsidiary undertakings	**7,306**	**–**	**7,306**	6,139	–	6,139
Derivative financial instruments (note 6)	**28**	**63**	**91**	10	80	90
Deferred taxation	**–**	**1**	**1**	–	1	1
Total	**7,334**	**64**	**7,398**	6,149	81	6,230

4 Creditors

Creditors	2011 Falling due within 1 year £m	2011 Falling due after more than 1 year £m	2011 Total £m	2010 Falling due within 1 year £m	2010 Falling due after more than 1 year £m	2010 Total £m
Bank overdrafts	**224**	**–**	**224**	222	–	222
Bank loans	**–**	**–**	**–**	7	–	7
Bank overdrafts and loans (note 5)	**224**	**–**	**224**	229	–	229
Loan notes	**293**	**889**	**1,182**	77	521	598
Bank loans	**–**	**47**	**47**	–	–	–
Bonds	**335**	**269**	**604**	–	623	623
Loan notes and bonds (note 5)	**628**	**1,205**	**1,833**	77	1,144	1,221
Derivative financial instruments (note 6)	**3**	**3**	**6**	5	2	7
Accruals and deferred income	**46**	**–**	**46**	50	–	50
Current tax liabilities	**4**	**–**	**4**	–	–	–
Amounts owed to subsidiary undertakings	**5,162**	**–**	**5,162**	4,768	–	4,768
Total	**6,067**	**1,208**	**7,275**	5,129	1,146	6,275

The Company has fixed term, fixed interest private placements totalling US$1,732 million (£1,112 million) at interest rates between 3.31% and 6.81%. The carrying value of these loan notes is £1,146 million. The Company also has a Sterling denominated private placement of £35 million with a carrying value of £37 million at an interest rate of 7.55%.

Loan notes	Nominal value	Redeemable	Interest
US$ private placement	$450m	May 2012	6.81%
US$ private placement	$15m	Nov 2013	5.67%
US$ private placement	$105m	Oct 2013	6.45%
US$ private placement	$162m	Oct 2015	6.72%
Sterling private placement	£35m	Oct 2016	7.55%
US$ private placement	$250m	Oct 2018	3.31%
US$ private placement	$398m	Oct 2021	3.98%
US$ private placement	$352m	Oct 2023	4.12%

The Company also has Sterling denominated Eurobonds totalling £575 million at interest rates of 6.375% and 7.0%. The carrying value of these bonds is £604 million.

Bonds	Nominal value	Redeemable	Interest
Sterling Eurobond	£325m	May 2012	6.375%
Sterling Eurobond	£250m	Dec 2014	7.0%

Notes to the Parent Company financial statements

for the year ended 30 September 2011

5 Maturity of financial liabilities, other creditors and derivative financial instruments

The maturity of financial liabilities, other creditors and derivative financial instruments as at 30 September is as follows:

	2011				2010			
Maturity	**Bank overdrafts and loans (note 4) £m**	**Loan notes and bonds (note 4) £m**	**Other[1] (note 6) £m**	**Total £m**	Bank overdrafts and loans (note 4) £m	Loan notes and bonds (note 4) £m	Other[1] (note 6) £m	Total £m
Between 1 and 2 years	**–**	**–**	**2**	**2**	–	646	(35)	611
Between 2 and 5 years	**–**	**460**	**(42)**	**418**	–	353	(33)	320
In more than 5 years	**47**	**698**	**(20)**	**725**	–	145	(10)	135
In more than 1 year	**47**	**1,158**	**(60)**	**1,145**	–	1,144	(78)	1,066
Within 1 year, or on demand	**224**	**628**	**(25)**	**827**	229	77	(5)	301
Total	**271**	**1,786**	**(85)**	**1,972**	229	1,221	(83)	1,367

1 Other includes the debtor and creditor amounts associated with derivative financial instruments (note 6).

Bank loans	**2011 £m**	2010 £m
Amounts repayable by instalments falling due between 1 and 5 years	**–**	–
Amounts repayable by instalments falling due within 1 year	**–**	7
Amounts repayable by instalments falling due within 5 years	**–**	7
Fees and premiums capitalised on issue	**–**	–
Bank loans	**–**	7

6 Derivative financial instruments

	2011		2010	
Derivative financial instruments	**Financial assets (note 3) £m**	**Financial liabilities (note 4) £m**	Financial assets (note 3) £m	Financial liabilities (note 4) £m
Interest rate swaps				
Fair value hedges	**81**	**–**	89	–
Not in a hedging relationship	**–**	**(3)**	–	(3)
Other				
Forward currency contracts and cross currency swaps	**10**	**(3)**	1	(4)
Derivative financial instruments	**91**	**(6)**	90	(7)

7 Share capital

Details of the share capital, share option schemes and share-based payments of Compass Group PLC are shown in notes 24 and 25 to the consolidated financial statements.

8 Capital and reserves

Capital and reserves	Share capital £m	Share premium account £m	Capital redemption reserve £m	Share-based payment reserve £m	Profit and loss reserve £m	Total £m
At 1 October 2009	185	215	44	146	725	1,315
Issue of shares	4	93	–	–	–	97
Repurchase of ordinary share capital	–	–	–	–	–	–
Fair value of share-based payments	–	–	–	9	–	9
Settled in new shares	–	9	–	(9)	–	–
Settled in cash or existing shares[1]	–	–	–	(1)	–	(1)
Dividends paid to Compass shareholders	–	–	–	–	(258)	(258)
Profit for the financial year	–	–	–	–	184	184
At 30 September 2010	189	317	44	145	651	1,346
At 1 October 2010	**189**	**317**	**44**	**145**	**651**	**1,346**
Issue of shares	**1**	**30**	**–**	**–**	**–**	**31**
Repurchase of ordinary share capital	**–**	**–**	**–**	**–**	**–**	**–**
Fair value of share-based payments	**–**	**–**	**–**	**10**	**–**	**10**
Settled in new shares	**–**	**6**	**–**	**(6)**	**–**	**–**
Settled in cash or existing shares[1]	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid to Compass shareholders	**–**	**–**	**–**	**–**	**(360)**	**(360)**
Profit for the financial year	**–**	**–**	**–**	**–**	**932**	**932**
At 30 September 2011	**190**	**353**	**44**	**149**	**1,223**	**1,959**

1 Purchased in the market.

9 Contingent liabilities

Contingent liabilities	2011 £m	2010 £m
Guarantees and indemnities (including subsidiary undertakings' overdrafts)	**364**	331

Details regarding certain contingent liabilities which involve the Company are set out in note 30 to the consolidated financial statements.

General shareholder information

Registrars and transfer office

All matters relating to the administration of shareholdings in the Company should be directed to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 20 7763 0041; email: ssd@capitaregistrars.com.

Shareholders can register online to view their Compass Group PLC shareholding details using the Share Portal, a service offered by Capita Registrars at www.capitashareportal.com. Shareholders registering for the Share Portal will require their investor code which is shown on share certificates. The service enables shareholders to:

- check their shareholdings in Compass Group PLC 24 hours a day;
- gain easy access to a range of shareholder information including indicative valuation and payment instruction details; and
- use the Internet to appoint a proxy to attend general meetings of Compass Group PLC.

Published information

If you would like to receive a hard copy of this Report or a copy in an alternative format such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at the Company's registered office. A copy can also be downloaded from our website at www.compass-group.com/annualreport11.

Electronic communications

The Company's Annual Report and all other shareholder communications can be found on our website at www.compass-group.com. The Company can, at shareholders' request, send shareholders an email notification each time a new shareholder report or other shareholder communication is placed on its website. This enables shareholders to read and/or download the information at their leisure. There are no particular software requirements to view these documents, other than those described and available on our website at www.compass-group.com.

The provision of a facility to communicate with shareholders electronically does not discriminate between registered shareholders of the same class. The facility is available to all registered shareholders on equal terms and participation is made as simple as possible. Please note that it is the shareholder's responsibility to notify our Registrars (through www.capitashareportal.com or by post) of any change to their email address. Before electing for electronic communication, shareholders should ensure that they have the appropriate computer capabilities. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out, but cannot accept any responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Please note that any electronic communication sent by a shareholder to the Company or the Registrars containing a computer virus will not be accepted.

The Company's obligation is satisfied when it transmits an electronic message. It cannot be held responsible for a failure in transmission beyond its control. In the event that the Company becomes aware that an electronic transmission is not successful, a paper notification will be sent to the shareholder at their registered address. Shareholders wishing to continue to receive shareholder information in the traditional paper format should confirm this via www.capitashareportal.com or write to Capita Registrars.

Cash dividends

The Company normally pays a dividend twice each year. We encourage UK resident ordinary shareholders to elect to have their dividends paid directly into their bank or building society account. This is a more secure method of payment and avoids delays or the cheques being lost. Ordinary shareholders resident outside the UK can also have any dividends in excess of £10 paid into their bank account directly via Capita Registrars' global payments service. Details and terms and conditions may be viewed at www.capitaregistrars.com/international.

Dividend Reinvestment Plan ('DRIP')

A DRIP service is provided by Capita IRG Trustees Limited. The DRIP allows eligible shareholders to use the whole of their cash dividend to buy additional shares in the Company, thereby increasing their shareholding. Additional information, including details of how to sign up, can be obtained from the Company's website at www.compass-group.com and from Capita IRG Trustees Limited, telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 20 7763 0041; email: shares@capitaregistrars.com.

The latest date for receipt of new applications to participate in respect of the 2011 final dividend is 2 February 2012.

Share price information

The current price of the Company's shares is available on the Company's website at www.compass-group.com. This is supplied with a 15 minute delay to real time.

The Company's share price is also available in a number of national newspapers, e.g. Financial Times, and from the voice activated FT Cityline service, telephone within the UK: 0905 8171 690. Calls will be charged at 75 pence per minute at all times from a BT landline. Average call duration will be one minute for one stock quote. The cost from other networks and mobile phones may be higher.

Share dealing

The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'. In addition, the Company's Registrars, Capita Registrars, offer online and telephone dealing services to buy or sell Compass Group PLC shares. The service is only available to personal shareholders aged 18 or over, resident in the UK, EEA, Channel Islands or the Isle of Man. Full details can be obtained from www.capitadeal.com or by telephoning within the UK: Freephone 0800 280 2545.

ShareGift

ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It is particularly useful for those shareholders who may wish to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. Further information can be obtained from ShareGift's website at www.sharegift.org, telephone within the UK: 020 7930 3737 and from overseas: +44 20 7930 3737, or from the Registrars.

American Depositary Receipts ('ADRs')

BNY Mellon maintains the Company's American Depositary Receipt register. If you have any enquiries about your holding of Compass American Depositary shares, you should contact BNY Mellon, Shareowner Services, PO Box 358516, Pittsburgh, PA 15252-8516, USA. Further information can be found on the Company's website at www.compass-group.com.

Warning about unsolicited investment contacts

Many companies have become aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

The Financial Services Authority ('FSA') estimates the cost of 'boiler room' fraud in the UK to be £200 million per year. The FSA receives around 3,500 calls a year from people who have been contacted by 'boiler rooms'. Around 1,000 of these are victims of 'boiler rooms' and they lose about £20,000 each. This produces a loss of £20 million that the FSA hears about, but it is estimated that only 10% of victims report the crime.

More detailed information on this or similar activity can be found on the FSA website at www.moneymadeclear.fsa.gov.uk and on the Company's website at www.compass-group.com.

Unsolicited mail

The Company is legally obliged to make its Register of Members available, subject to a proper purpose test, to the public. As a consequence of this, some shareholders might receive unsolicited mail. UK shareholders wishing to limit the amount of such mail should refer to the Mailing Preference Service website at www.mpsonline.org.uk.

Identity theft – protecting an investment

Criminals may steal shareholders' personal information, putting a holding at risk. Advice on protecting a shareholding is available on the Company's website at www.compass-group.com.

Financial calendar

Annual General Meeting:
2 February 2012

Results announcements:
Half year – May*
Full year – November*

Dividend payments:
Interim – August*
Final – February*

* Expected

Board of Directors

Directors' biographies can be found on page 42 of this Report.

Key Committee membership

Membership of the principal Committees of the Board can be found on pages 47 to 49 of this Report.

Notice of meeting

This document is important and requires your immediate attention.
If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Compass Group PLC, please send this Notice and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



See this Report online at:
www.compass-group.com/annualreport11

Notice is hereby given that the eleventh Annual General Meeting of Compass Group PLC ('the Company') will be held in the Churchill Auditorium at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Thursday, 2 February 2012 at 12 noon in order to transact the following business:

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 17 to 19 will be proposed as special resolutions and all other Resolutions will be proposed as ordinary resolutions.

1. To receive and adopt the Directors' Annual Report and Accounts and the Auditors' Report thereon for the financial year ended 30 September 2011.

2. To receive and adopt the Directors' Remuneration Report contained within the Annual Report and Accounts for the financial year ended 30 September 2011.

3. To declare a final dividend of 12.8 pence per ordinary share in respect of the financial year ended 30 September 2011.

4. To re-elect Sir Roy Gardner as a Director of the Company.

5. To re-elect Richard Cousins as a Director of the Company.

6. To re-elect Gary Green as a Director of the Company.

7. To re-elect Andrew Martin as a Director of the Company.

8. To elect John Bason as a Director of the Company.

9. To re-elect Sir James Crosby as a Director of the Company.

10. To re-elect Susan Murray as a Director of the Company.

11. To re-elect Don Robert as a Director of the Company.

12. To re-elect Sir Ian Robinson as a Director of the Company.

13. To re-appoint Deloitte LLP as the Company's Auditors until the conclusion of the next Annual General Meeting of the Company.

14. To authorise the Directors to agree the Auditors' remuneration.

15. To authorise the Company and any company which is, or becomes, a subsidiary of the Company during the period to which this Resolution relates to:

    15.1 make donations to political parties or independent election candidates;
    15.2 make donations to political organisations other than political parties; and
    15.3 incur political expenditure,

    during the period commencing on the date of this Resolution and ending on the date of the Company's next Annual General Meeting, provided that any such donations and expenditure made by the Company, or by any such subsidiary, shall not exceed £125,000 per company and, together with those made by any such subsidiary and the Company, shall not exceed in aggregate £125,000.

    Any terms used in this Resolution which are defined in Part 14 of the Companies Act 2006 shall bear the same meaning for the purposes of this Resolution 15.

16. To renew the power conferred on the Directors by Article 12 of the Company's Articles of Association for a period expiring at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed or, if earlier, 1 May 2013; for that period the section 551 amount shall be £63,254,650 and, in addition, the section 551 amount shall be increased by £63,254,650, provided that the Directors' power in respect of such latter amount shall only be used in connection with a rights issue:

    16.1 to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    16.2 to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

    and that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary to deal with fractional entitlements, legal or practical problems under the laws of, or the requirements of, any relevant regulatory body or stock exchange, any territory, or any matter whatsoever.

Special Resolutions

17. To renew, subject to the passing of Resolution 16 above, the power conferred on the Directors by Article 13 of the Company's Articles of Association, such authority to apply until the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed or, if earlier, 1 May 2013 and for that period the section 561 amount is £9,488,200.

18. To generally and unconditionally authorise the Company, pursuant to and in accordance with section 701 of the Companies Act 2006, to make market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of 10 pence each in the capital of the Company subject to the following conditions:

    18.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 189,764,000;
    18.2 the minimum price (exclusive of expenses) which may be paid for each ordinary share is 10 pence;
    18.3 the maximum price (exclusive of expenses) which may be paid for each ordinary share is, in respect of a share contracted to be purchased on any day, an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
    18.4 this authority shall expire, unless previously renewed, varied or revoked by the Company, at the conclusion of the next Annual General Meeting of the Company or 1 August 2013, whichever is the earlier (except in relation to the purchase of ordinary shares, the contract for which was concluded prior to the expiry of this authority and which will or may be executed wholly or partly after the expiry of this authority).

19. To authorise the Directors to call a general meeting of the Company, other than an Annual General Meeting, on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this Resolution.

Voting on all Resolutions will be by way of a poll.

By Order of the Board
Mark J White
General Counsel and Company Secretary
22 December 2011

Registered Office:
Compass House
Guildford Street
Chertsey
Surrey KT16 9BQ

Registered in England and Wales No. 4083914

Notice of meeting

Explanatory notes to the Resolutions

Resolution 1 – Annual Report and Accounts

The Directors are required to present to the Annual General Meeting ('AGM') ('the Meeting') the audited accounts and the Directors' and Auditors' Reports for the financial year ended 30 September 2011.

Resolution 2 – Directors' Remuneration Report

In accordance with section 439 of the Companies Act 2006 ('the CA 2006'), shareholders are requested to approve the Directors' Remuneration Report. This Resolution is advisory and does not affect the actual remuneration paid to any individual Director. It serves to provide shareholder feedback to the Remuneration Committee.

The Directors' Remuneration Report is set out on pages 53 to 60 of the Annual Report and Accounts for 2011 ('Annual Report 2011') and includes the Company's policy on Directors' remuneration for the next financial year and for the years subsequent to that, details of the Directors' emoluments for the year, and the Total Shareholder Return ('TSR') of the Company and that of the FTSE 100 Index since 1 October 2006.

Resolution 3 – Final Dividend

The final dividend for the year ended 30 September 2011 will be paid on 27 February 2012 to shareholders on the register at the close of business on 27 January 2012, subject to approval by shareholders.

Resolutions 4 to 12 – Election and Re-election of Directors

Biographical details of all the Directors standing for election and re-election appear on page 42 of the Annual Report 2011.

Under the Company's Articles of Association, one third of the Directors are required to retire by rotation each year and, in addition, no Director may serve for more than three years without being re-elected by shareholders. However, in accordance with the UK Corporate Governance Code ('the Code'), all the Directors will submit themselves for annual re-election by shareholders. The Chairman is satisfied that the performance of each of the Directors continues to be effective and to demonstrate commitment to the role.

Resolutions 13 and 14 – Auditors

Auditors are appointed at every general meeting at which accounts are presented to shareholders. The current appointment of Deloitte LLP as the Company's Auditors will end at the conclusion of the AGM and it has advised of its willingness to stand for re-appointment. It is normal practice for a company's directors to be authorised to agree how much the Auditors should be paid and Resolution 14 grants this authority to the Directors.

Resolution 15 – Donations to Political Parties

It is not Group policy to make donations to political parties. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries might unintentionally fall within the wide definition of matters constituting political donations and expenditure in the CA 2006. Any expenditure that is regulated under the CA 2006 must first be approved by shareholders and will be disclosed in next year's Annual Report. This Resolution, if passed, will renew the Directors' authority until the AGM to be held in 2013 (when the Directors intend to renew this authority) to make donations and incur expenditure which might otherwise be caught by the terms of the CA 2006, up to an aggregate amount of £125,000 for the Company and for subsidiary companies.

Resolution 16 – Directors' Authority to Allot Shares

The purpose of Resolution 16 is to renew the Directors' power to allot shares. Resolution 16.1 seeks to grant the Directors authority to allot, pursuant to Article 12 of the Company's Articles of Association and section 551 of the CA 2006, relevant securities with a maximum nominal amount of £63,254,650. This represents 632,546,500 ordinary shares of 10 pence each in the capital of the Company, which is approximately one third of the Company's issued ordinary share capital as at 23 November 2011 (being the last practicable date prior to the publication of this Notice). The Company does not currently hold any shares as treasury shares. The authority would, unless previously renewed, revoked or varied by shareholders, remain in force up to the conclusion of the AGM of the Company to be held in 2013, or 1 May 2013, whichever is earlier.

In accordance with the Association of British Insurers Allotment Guidelines ('the Guidelines'), Resolution 16.2 seeks to grant the Directors authority to allot approximately a further one third of the Company's issued ordinary share capital in connection with a rights issue in favour of ordinary shareholders with a nominal value of up to £63,254,650 (representing 632,546,500 ordinary shares of 10 pence each). Such additional authority will be valid for a period of one year or until the conclusion of the next AGM, whichever is the sooner.

If the Company uses any of the additional one third authority permitted by the Guidelines, the Company will ensure that all Directors stand for re-election. The Company's current practice is that all Directors submit themselves for re-election each year in accordance with the Code, notwithstanding the provisions set out in the Guidelines.

The total authorisation sought by Resolution 16 is equal to approximately two thirds of the issued ordinary share capital of the Company (excluding treasury shares) as at 23 November 2011, being the last practicable date prior to publication of this Notice.

Resolutions 1 to 16 will be proposed as ordinary resolutions and require that more than half of the votes cast must be in favour of a resolution for it to be passed.

Resolution 17 – Disapplication of Pre-emption Rights

If the Company issues new shares, or sells treasury shares, for cash (other than in connection with an employee share scheme), it must first offer them to existing shareholders in proportion to their existing holdings. In accordance with investor guidelines, approval is sought by the Directors to issue a limited number of ordinary shares for cash without offering them to existing shareholders.

Resolution 17 seeks to renew the Directors' authority to issue equity securities of the Company for cash without application of pre-emption rights pursuant to Article 13 of the Company's Articles of Association and section 561 of the CA 2006. Other than in connection with a rights, scrip dividend, or other similar issue, the authority contained in this Resolution would be limited to a maximum nominal amount of £9,488,200. This represents 94,882,000 ordinary shares of 10 pence each in the capital of the Company, which is approximately 5% of the Company's issued ordinary share capital as at 23 November 2011 (being the last practicable date prior to the publication of this Notice). The authority would, unless previously renewed, revoked or varied by shareholders, expire at the conclusion of the AGM of the Company to be held in 2013 or on 1 May 2013 if earlier.

Save for issues of shares in respect of various employee share schemes and any share dividend alternatives, the Directors have no current plans to utilise either of the authorities sought by Resolutions 16 and 17 although they consider their renewal appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise. In addition, and in line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years and the Board confirms its intention to follow best practice set out in the Pre-emption Group's Statement of Principles which provides that usage of this authority in excess of 7.5% of the Company's issued share capital in a rolling three-year period would not take place without prior consultation with shareholders.

Resolution 18 – Purchase of own Shares

This Resolution authorises the Directors to make limited on-market purchases of the Company's ordinary shares. The power is limited to a maximum of 189,764,000 shares (just under 10% of the issued ordinary share capital as at 23 November 2011, being the last practicable date prior to the publication of this Notice) and details the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this Resolution will expire at the conclusion of the Company's next AGM or 18 months from the passing of this Resolution, whichever is the earlier.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 came into force on 1 December 2003. These regulations allow shares repurchased by the Company to be held as treasury shares. Treasury shares may be cancelled, sold for cash or used for the purpose of employee share schemes. The authority to be sought by this Resolution is intended to apply equally to shares to be held by the Company as treasury shares. No dividends will be paid on shares which are held as treasury shares and no voting rights will be attached to them. Shares held as treasury shares will be treated as if cancelled.

The Company announced on 23 November 2011 its intention to commence a £500 million share repurchase programme, to be executed by the end of 2012.

Beyond this programme, the Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but they consider it desirable to provide maximum flexibility in the management of the Company's capital resources. The Directors would only purchase shares if, in their opinion, the expected effect would be to result in an increase in earnings per share and would benefit shareholders generally.

As at 23 November 2011 (being the last practicable date prior to the publication of this Notice), there were options outstanding over approximately 27,200,000 ordinary shares in the capital of the Company which represent 1.4% of the Company's issued ordinary share capital (excluding treasury shares) at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 1.6% of the Company's issued ordinary share capital (excluding treasury shares).

Resolution 19 – Notice of Meetings other than Annual General Meetings

The Company's Articles of Association allow the Directors to call general meetings other than Annual General Meetings on 14 clear days' notice. However, the Companies (Shareholders' Rights) Regulations 2009 ('the Regulations') require that all general meetings be held on 21 days' notice, unless shareholders agree to a shorter notice period, and the Company has met the requirements for electronic voting under the Regulations. This Resolution seeks to renew the authority granted by shareholders at last year's AGM which preserved the Company's ability to call general meetings, other than AGMs, on 14 clear days' notice, such authority to be effective until the Company's next AGM, when a similar resolution will be proposed. The Directors confirm that the shorter notice period would not be used as a matter of routine, but only where flexibility is merited by the business of the meeting and it is thought to be to the advantage of shareholders as a whole. An electronic voting facility will be made available to all shareholders for any meeting held on such notice.

Resolutions 17 to 19 will be proposed as special resolutions and require that at least three-quarters of the votes cast must be in favour of a resolution for it to be passed.

Recommendation

The Directors consider that each of the Resolutions is in the best interests of the Company and the shareholders as a whole and, accordingly, recommend that all shareholders vote in favour of all Resolutions, as the Directors intend to do in respect of their own holdings.

Notice of meeting

Important information

Proxies

(i) A shareholder entitled to attend and vote at the 2012 AGM may appoint a proxy or proxies (who need not be a shareholder of the Company) to exercise all or any of his or her rights to attend, speak and vote at the AGM. Where more than one proxy is appointed, each proxy must be appointed for different shares.

Proxies may only be appointed by:

- completing and returning the Form of Proxy enclosed with this Notice to PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
- going to www.capitashareportal.com and following the instructions for electronic submission provided there; or
- by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members). Please refer to the CREST manual on the Euroclear website (www.euroclear.com/CREST) for further information.

Return of the Form of Proxy will not prevent a shareholder from attending the Meeting and voting in person. However, if you do attend the Meeting, any proxy appointment will be treated as revoked.

The electronic addresses provided in this Notice are provided solely for the purpose of enabling shareholders to register the appointment of a proxy or proxies for the Meeting or to submit their voting directions electronically. You may not use any electronic address provided in the Notice of this Meeting to communicate with the Company for any purposes other than those expressly stated.

(ii) To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 12 noon on Tuesday, 31 January 2012.

To appoint a proxy or to give an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 12 noon on Tuesday, 31 January 2012. Please note, however, that proxy messages cannot be sent through CREST on weekends, bank holidays or after 8.00 p.m. on any other day. For the purpose of this deadline, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST personal members or other CREST sponsored members and those CREST members that have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST.

For further information on CREST procedures, limitations and system timings, please refer to the CREST manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, as amended.

(iii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B(2) of the CA 2006, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on Tuesday, 31 January 2012, or in the event that the Meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries on the Register of Members after 6.00 p.m. on 31 January 2012 or, in the event that the Meeting is adjourned, less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

Nominated Persons

Any person to whom a copy of this Notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights ('Nominated Person') may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in note (i) above does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.

AGM business

Under section 338A of the CA 2006, shareholders may request the Company to include in the business to be dealt with at Annual General Meetings any matter (other than a proposed Resolution) which may be properly included in the business, provided that it is not defamatory, frivolous or vexatious. The Company will include such matter if sufficient requests have been received in accordance with section 338A(3) of the CA 2006 which, broadly, requires a minimum of 100 shareholders holding an average of 1,000 ordinary shares each or shareholders holding at least 5% of the Company's issued share capital to make the request, and submitted in the manner detailed in section 338A of the CA 2006.

Right to ask questions

Under section 319A of the CA 2006, shareholders have the right to ask questions at the AGM relating to the business of the Meeting and for these to be answered, unless such answer would interfere unduly with the business of the Meeting, involve the disclosure of confidential information, if the answer has already been published on the Company's website or if it is not in the interests of the Company or the good order of the Meeting that the question be answered.

Website publication of audit concerns

Under section 527 of the CA 2006, shareholders have a right to request publication of any concerns that they propose to raise at the AGM relating to the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be submitted to the Meeting or any circumstances connected to the Company's Auditors who ceased to hold office since the last AGM. The Company will publish the statement if sufficient requests have been received in accordance with section 527(2) of the CA 2006 which, broadly, requires a minimum of 100 shareholders holding an average of 1,000 ordinary shares each or shareholders holding at least 5% of the Company's issued ordinary share capital to make the request. The Company may not require the members requesting any such website publication to pay its expenses in complying with such request. Where a statement is published, the Company will forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the CA 2006 to publish on its website.

Documents available for inspection

Copies of the service agreements of the Executive Directors, the letters of appointment of the Non-Executive Directors, the Directors' deeds of indemnity and the Register of Directors' Interests will be available for inspection during normal business hours from the date of dispatch of this Notice until the date of the AGM (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will also be made available at the Meeting for a period of 15 minutes prior to and during the continuance of the Meeting.

Total voting rights

As at 23 November 2011 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprised 1,897,640,073 ordinary shares. The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every ordinary shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a vote by poll every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share held. It is proposed that all votes on the Resolutions at the AGM will be taken by way of a poll.

The total voting rights in the Company as at 23 November 2011 were 1,897,640,073.

Information available on website

The following information is available on the Company's website at www.compass-group.com:

(i) The matters set out in this Notice of Meeting;
(ii) The total voting rights and number of shares of each class in respect of which shareholders are entitled to exercise voting rights at the AGM;
(iii) Shareholders' rights to include business to be dealt with at the AGM; and
(iv) Shareholders' statements, resolutions and matters of business received by the Company after 22 December 2011.

Time of the AGM

The doors of The Queen Elizabeth II Conference Centre will be open at 10.30 a.m. and the AGM will start promptly at 12 noon.

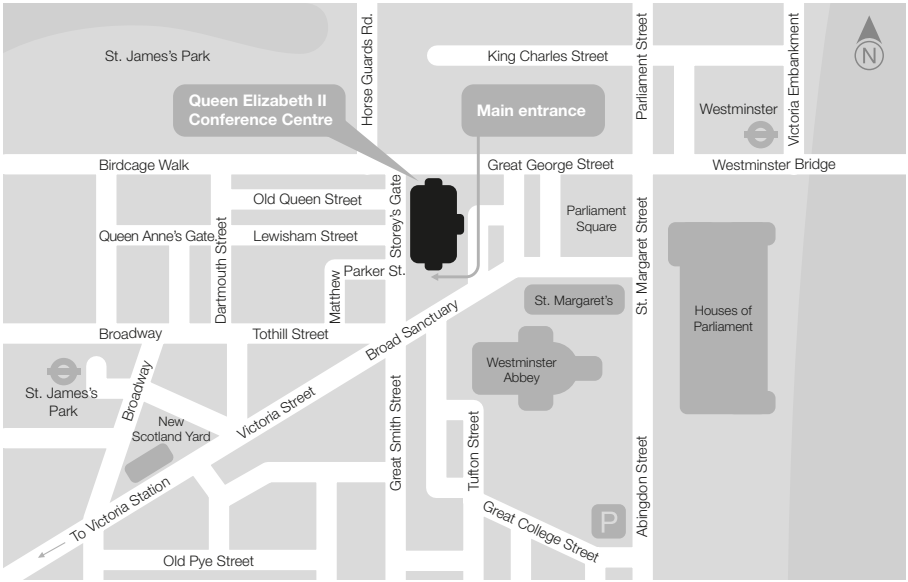
If you are planning to attend the AGM, The Queen Elizabeth II Conference Centre is located in the City of Westminster. Please see the map below.

Attending the AGM

If you are coming to the AGM, please bring your attendance card with you. It authenticates your right to attend, speak and vote at the AGM and will speed your admission. You may also find it useful to bring this Notice of AGM and the Annual Report 2011 so that you can refer to them at the AGM. All joint shareholders may attend and speak at the AGM. However, only the first shareholder listed on the Register of Members is entitled to vote. At the discretion of the Company, and subject to sufficient seating capacity, a shareholder may enter with one guest, provided that the shareholder and their guest register to enter the AGM at the same time.

Questions

All shareholders or their proxies will have the opportunity to ask questions at the AGM. When invited by the Chairman, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. A question may not be answered at the Meeting if it is not considered to be in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of sensitive information. The Chairman may also nominate a representative to answer a specific question after the Meeting or refer the question to the Company's website.



Notice of meeting

Voting at the AGM
The Company proposes that all Resolutions to be proposed at the AGM will be put to the vote on a poll. This will result in a more accurate reflection of the views of all of the Company's shareholders by ensuring that every vote is recognised, including the votes of shareholders who are unable to attend the Meeting but who have appointed a proxy for the Meeting. On a poll, each shareholder has one vote for each share held.

After each Resolution is put to the Meeting, you will be asked to cast your vote. All of the votes of the shareholders present will be counted, and added to those received by proxy, and the provisional final votes will be displayed on a screen at the front of the Meeting.

The voting results, which will include all votes cast for and against each Resolution at the Meeting, and all proxies lodged prior to the Meeting, will be announced at the Meeting and published on the Company's website as soon as practicable after the Meeting. The Company will also disclose the number of votes withheld.

If you have already voted by proxy, you will still be able to vote at the Meeting and your vote on the day will replace your previously lodged proxy vote.

Not attending the AGM
Whoever you appoint as a proxy can vote or abstain from voting as he or she decides on any other business, which may validly come before the AGM. This includes proxies appointed using the CREST service. Details of how to complete the appointment of a proxy either electronically or on paper are given in the notes to this Notice.

Venue arrangements
For security reasons, all hand baggage may be subject to examination. Please note that laptop computers, recording equipment, cameras and similar such equipment may not be brought into the AGM. Briefcases, umbrellas and other bulky items should be deposited in the cloakroom, situated on the ground floor.

Smoking is not permitted inside The Queen Elizabeth II Conference Centre.

Please ensure that all electronic equipment is switched off throughout the AGM.

Tea and coffee will be available before the Meeting and light refreshments will be served afterwards.

The following facilities will be available at The Queen Elizabeth II Conference Centre:

- sound amplification/hearing loop;
- wheelchair access; and
- sign language interpreters.

Anyone accompanying a shareholder in need of assistance will be admitted to the AGM. If any shareholder with a disability has any question regarding attendance at the AGM, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ by 19 January 2012.

Security
Security staff will be on duty to assist shareholders. The Company will not permit behaviour that may interfere with another person's security, safety or the good order of the AGM.

Shareholder enquiries
Capita Registrars maintain the Company's share register. If you have any enquiries about the AGM or about your shareholding, you should contact Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

American Depositary Receipt enquiries
BNY Mellon maintains the Company's American Depositary Receipt register. If you have any enquiries about your holding of Compass American Depositary shares, you should contact BNY Mellon, Shareowner Services, PO Box 358516, Pittsburgh, PA 15252-8516, USA.

Data protection statement
Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

Published information
If you would like to receive this Notice and/or a copy of the Annual Report 2011 in an appropriate alternative format, such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.



See this Report online at:
www.compass-group.com/annualreport11

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Forward-looking statements

Certain information included in this Annual Report and Accounts is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements.

Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the foodservice and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward-looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates.

Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Nothing in this Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.





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