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**SODEXO LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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## SODEXO LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	Stuart Carter Sean Haley Mark Goodyer Jean Renton Angelo Piccirillo Marc Rolland
<b>Company secretaries</b>	Gareth John Sodexo Corporate Services (No.2) Limited
<b>Registered number</b>	00842846
<b>Registered office</b>	One Southampton Row London WC1B 5HA
<b>Independent auditors</b>	KPMG LLP Chartered Accountants 1 St Peter's Square Manchester M2 3AE

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## **SODEXO LIMITED**

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## **SODEXO LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

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The directors present their annual report and audited financial statements for the year ended 31 August 2022.

#### **Principal activities**

Sodexo Limited (The "Company") is a wholly owned subsidiary of Sodexo Holdings Limited and operates as part of the group's UK business. Its ultimate parent is Sodexo S.A., a French company listed on the Paris Euronext. Sodexo operates in 53 countries, employing 422,000 people in the provision of a wide range of food services, soft services and technical services.

The principal activities of the Company are the provision of a wide range of on-site support services to both private and public sector organisations across the United Kingdom.

#### **Performance of the business**

Performance of the Company improved on the previous year for both turnover and operating profit. Turnover increased by 7.9% from £1.36bn to £1.47bn and operating profit increased from £45.7m to £70.8m.

There was some good recovery from the easing of COVID-19 restrictions for the corporate, schools, and sport and leisure businesses. The government and healthcare business continued to perform well, supported by some temporary covid related services.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principal risks and uncertainties**

Quality, health, safety, and environment

The health and safety of our colleagues, clients and their customers remains a core priority. The QSHE board (Quality, Health, Safety and Environment) provides strategic direction, measures performance and supports training for all colleagues. The culture of good health and safety is embedded, monitored and improved continuously through actions across and within all operations, directed by the QSHE board.

Competitive Risks

The Company operates in a highly competitive, low margin marketplace where there is risk that the Company could lose sales to its key competitors. The Company manages this risk by having a diversified portfolio of contracts, by focusing on delivering a quality service and by building strong relationships with customers.

Regulatory Risks

The nature of Sodexo's business means that it is subject to a wide variety of laws and regulations including labour law, corporate law, and health, safety and environmental law. Sodexo has internal governance in place to ensure compliance with these laws and regulations. Changes in laws or regulations could have a direct impact on the business and/or the services provided, and to mitigate new legislation and regulations are monitored and implications for Sodexo considered and incorporated at the earliest opportunity.

Economic and political risks: inflation; Ukraine situation; fiscal policy and interest rate fluctuations

Sodexo is exposed to fluctuations in cost and supply of food, labour and other goods. Many of Sodexo contracts include certain clauses allowing for increases in prices or menu changes. During inflationary periods such as now, the established upfront planning of inflation recovery with clients, tariff management, cost optimisation, and steps to secure supply at competitive prices are more critical to protect margins.

To date the main impacts of the war in Ukraine on Sodexo Ltd operations, are inflation and supply of some specific goods, with our directors and teams vigilant and having established means to secure alternative supplies as required. The Company and the ultimate parent, Sodexo S.A., do not operate in Russia or Ukraine.

During 2022, interest rates in the UK increased materially, and in the autumn of 2022 new fiscal policies were announced in UK. Both caused yields on government bonds to increase, with the latter causing a sharp spike before most of the policies were reversed and yields reduced. As a result, the assets of the UK defined benefit pension fund were reduced and the liabilities also reduced due to hedging in place. Following the spike, the funding position remained strong and broadly in line with that reported at the end of financial year 2022 on an IFRS basis.

COVID-19

The COVID 19 pandemic affected Sodexo operations in UK&I from March 2020 through to the end of FY22. The overall business, while heavily impacted, was resilient during this time due to the broad mix of clients and services across public and private sectors and across food and facilities management. Labour supply was protected through accessing the Coronavirus Job Retention Scheme during the peak of the pandemic for areas affected, which included education, sport and leisure and food at corporate head offices. Going forward, Covid-19 or another pandemic, continues to represent a significant risk to the operations, with impacts closely monitored and steps continue that build operational and commercial resilience.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**The Companies (Miscellaneous Reporting) Regulations 2018**

Under The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to make disclosures in the following areas:

- A description of how the Directors have addressed the requirements of the Companies Act 2006 section 172(1) (a)-(f) in carrying out their duties as directors during the year.
- A description of how the directors have had regard to suppliers, customers and employees as well as the resulting effect on the principal decisions of the Company.
- A description of the Company's corporate governance arrangements for the year.

The Wates Corporate Governance Principles for Large Private Companies have been followed during the year ended 31 August 2022. Further detail on the Company's application of these principles is shown in more detail within the Directors' Report.

Disclosure of the Company's application of Principle 6 - Stakeholder Relationships and Engagement, is also considered to explain how the directors have met the requirements of section 172 of the Companies Act 2006 and how they have had regard to suppliers, customers and employees. Further disclosure is therefore not provided on these topics within the Strategic Report.

This report was approved by the board and signed on its behalf.



**Jean Renton**  
Director

Date: 24 May 2023

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## SODEXO LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

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The directors present their report and the financial statements for the year ended 31 August 2022.

#### **Going concern**

The directors continue to adopt the going concern basis in the preparation of the financial statements.

The Company forms part of the Sodexo UK and Ireland group of companies, together the "UK&I Group", which is part of the wider Sodexo Group headed by Sodexo S.A. The principal activity of the UK&I Group is to provide facilities management and catering services across the UK and Ireland, operating across various segments such as education, sports and leisure, corporate services, government and healthcare.

The company meets its day to day working capital requirements from operational cash flows, cash pooling and intercompany loan arrangements within the UK&I Group.

The UK&I Group has remained resilient throughout the adverse changes in the economic environment as a result of tight management of cash and balance sheet, and strong retention of existing contracts, alongside the spread of business across food and facilities management services, and across public and private sector clients as well as the strong inflation management processes in place. In addition, the UK&I Group continues to see opportunities for organic growth with new contracts in the pipeline. However, we remain prepared for further macro-economic impacts with agility, good commercial management, and careful cost control continuing to be critical.

To inform the basis of preparation of these accounts, the directors have considered cash and profit forecasts for forward trade over the next 12 months of the UK&I Group, based on the facts we have now. These forecasts include a severe but plausible downside scenario which models a deterioration in gross margin as a result of operational performance, a downturn in revenues due to contracts of key clients not being renewed and the under recovery of inflation. The forecasts indicate that the UK&I Group will continue to be resilient in the current macro-economic environment. Routine peaks in cash requirements during the trading cycle will be funded from an overdraft facility with the parent company, Sodexo S.A., if necessary. In a worst-case scenario, the Company could draw upon additional funding from its ultimate parent company to enable it to meet its liabilities as they fall due during the 12 month period from the signing of these accounts.

Sodexo S.A., which currently has a strong credit rating of Baa1 from Moody's Investors Service, has indicated its intention, by a letter of support, to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and therefore have prepared the financial statements on a going concern basis.

#### **Proposed dividend**

No dividends (2021: no dividends) were paid during the year ended 31 August 2022. A dividend of £80,000,000 was subsequently paid post year-end on 15 December 2022 in respect of financial year 2022, to Sodexo Holdings Ltd (100% shareholder).

The directors have not proposed any further final ordinary dividend in respect of the current financial year.

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## **SODEXO LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

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#### **Directors**

The directors who served during the year were:

Stuart Carter  
Sean Haley  
Jean Renton  
Sarah Perry (resigned 9 November 2022)  
Angelo Piccirillo  
Marc Rolland

#### **Qualifying third party indemnity provisions**

The Company maintains insurance for directors and officers in respect of their duties as directors and officers of the Company.

#### **Political and charitable contributions**

The Company made no political contributions during the year (2021: nil).

Donations to UK charities amounted to £165,471 (2021: £256,502).

The Sodexo Stop Hunger Foundation, our UK registered charity, aims to educate and provide relief from hardship in relation to health, nutrition and well-being. The Company operates and contributes to Sodexo Stop Hunger Foundation's Stop Hunger campaign which supports charitable organisations that promote healthy eating and lifestyles, provide food to those in need and deliver basic life skills training. This is achieved by providing financial support, sharing expertise and volunteering time.

#### **Engagement with employees**

Please refer to principle 6 in the Statement of Governance for further detail on the Company's engagement with employees.

#### **Employment of disabled employees**

As a Disability Confident Leader accredited company, we are committed to supporting the attraction, development and retention of disabled people. We partner with a number of social enterprises and our clients to run a range of successful work placement schemes varying from job coaching, a few weeks work experiences to full one year work placements with accredited on the job qualification opportunities. Many of these have converted into permanent positions.

Our reasonable adjustment policy facilitates access to work where needed and we run a number of programmes and initiatives to facilitate 'disability confidence' amongst all our employees.



**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Greenhouse gas emissions, energy consumption and energy efficiency action**

In compliance with "The Companies Act 2006" (Strategic Report and Directors' Report) and in particular Part 7A to Schedule 7 "Dealing with energy and carbon disclosures by large unquoted companies" the following information discloses energy and CO<sub>2</sub> consumption for the Company covering the year ended 31 August 2022.

The information includes the reporting of greenhouse gas emissions (scope 1 and 2), energy consumption data for fuels, electricity and transport, and associated energy intensity ratio. The declaration identifies some of the energy saving measures implemented during the financial year.

**Greenhouse Gas Emissions**

For the financial year ending 31 August 2022, Sodexo Limited's greenhouse gas emissions were calculated to be:

Natural gas 21,808 MWh (2021: 26,701 MWh)

Electricity 17,219 MWh (2021: 18,123 MWh)

Other fuels 4,785 MWh (2021: 4,603 MWh)

Transport 13,607 MWh (2021: 16,928 MWh)

Total carbon emissions 11,816 tonnes CO<sub>2</sub>e (2021: 16,544 tonnes CO<sub>2</sub>e)

The Company's energy use is entirely within the UK, and therefore global energy use and UK energy are equivalent.

**Energy Intensity Ratio**

Total building energy (natural gas, electricity, other fuels) has been assessed to correlate with building floor area (square metres). Using energy consumed per square metre as an energy performance indicator (EnPI) allows for a more accurate monitoring of energy consumption each year as the estate portfolio changes.

For the financial year ending 31 August 2022:

Total building energy 43,813 MWh pro-rata (2021: 49,427 MWh)

Gross floor area 164,002 m<sup>2</sup> (2021: 161,472 m<sup>2</sup>)

EnPI total building energy per square meter 267 kWh/m<sup>2</sup> (2021: 306 kWh/m<sup>2</sup>)

**Methodology**

To calculate the disclosure, similar methodology to ESOS, CRC, and ISO 50001 compliance has been used where applicable for consistency in reporting. Building operation energy use has been captured, in order of preference, using invoiced consumption figures where available; meter readings supplied by facilities management teams; or pro-rata estimations. Transport data has been extracted from internal employee expense returns, and fuel card database. Carbon emissions conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting 2022'. Energy intensity relevant variable building floor area has been provided by Sodexo Estates team.

**Energy Efficiency Measures**

Sodexo completed ESOS compliance in December 2019 and produced a list of key energy saving initiatives for the estate that was received by directors. Over the current financial year Sodexo has continued to switch commercial diesel vehicles to electric models and reduced carbon emissions through energy efficiency projects. Where possible, company offices are supplied with 100% renewable-backed electricity and further investments in energy efficiency and carbon emission reductions are planned.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Statement of corporate governance arrangements**

During the year ended 31 August 2022 ("FY22"), under The Companies (Miscellaneous Reporting) Regulations 2018, Sodexo Limited ("the Company") has applied the Wates Corporate Governance Principles for Large Private Companies ([www.wates.co.uk/whoweare/corporategovernance](http://www.wates.co.uk/whoweare/corporategovernance)).

The Company has a well established corporate governance framework reflecting its activities as part of a multinational organisation. The directors have set out below an explanation of how the Wates Principles have been applied during FY22.

The Company is a subsidiary of Sodexo S.A. which has its headquarters in Paris. Sodexo's Fiscal 2022 Universal Registration Document is available on Sodexo's website (<https://www.sodexo.com/home/finance/presentationsand-publications/financial-results.html>). This Statement reflects the Sodexo structure and organisation in FY22.

**Principle 1 – Purpose and leadership**

*"An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose."*

**Purpose**

The Company is the main operational corporate entity for the business activities in the UK and is a private company limited by shares. It forms part of the Sodexo S.A. Group of Companies (the "Group"), a global provider of facilities management services.

*Why we do it:* We create a better everyday for everyone to build a better life for all.

*How we do it:* We serve with care the essential daily needs of millions of people. We build inclusive progress; we drive engaged and responsible performance.

*What we do:* We improve the Quality of Life of those we serve and our teams and contribute to the economic, social and environmental development of the communities, region and countries in which we operate.

The Company carries out Sodexo's mission through its provision of on-site services across the UK and Ireland region. The Company partners with clients in many sectors across business and industry; schools and universities; sports and leisure; energy and resources; government including defence, justice, agencies and healthcare. A range of services are provided, including food and catering, facilities management, and workplace and technical services.

The Company has developed an FY22 regional roadmap, aligned with Sodexo Group purpose, values, strategy and culture, reflecting its regional strategy and enablers.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principle 2 – Composition**

*“Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company.”*

**Chair**

The Regional CEO (chief executive officer) chairs and leads the board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion and leading the team to responsible and good commercial decisions. The CEO reports to the Sodexo Group through the Europe Zone President, Sodexo.

The roles and responsibilities of the CEO are clearly defined and documented to ensure that there is a balance of responsibilities, accountabilities and decision making across the Company. The CEO, supported by the Company Secretary, is responsible for the leadership and effective operation of the Board, including establishing the framework and procedures to govern the work of the Board and to support Directors in the discharge of their legal and regulatory obligations.

**Balance, Diversity, Size and Structure**

The Board comprises six members: UK&I CEO, UK&I CFO (chief financial officer), UK&I HR (human resources) Director, SVP Investments & Contracts Government Worldwide, Group CFO, and Group General Counsel.

Board members have a diverse range of skills, expertise, backgrounds, knowledge and experience reflecting the diverse nature of the Company's business and enabling the Directors to discharge their duties and responsibilities effectively. Female representation on the Board is 16%.

The Directors have equal voting rights when making decisions and the Chair has a casting vote. All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.

**Effectiveness**

The Company continues to review the membership, operation, and effectiveness of the Board.

Directors keep their skills and knowledge up to date by attending appropriate seminars and training courses. Induction materials and briefing sessions are available to new Directors which are tailored to their specific experience and knowledge.

The Company will continue to review the Board's composition in order to ensure that the Board has the appropriate mix of skills, backgrounds, independence and diversity to meet the strategic needs of the Company in the future.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principle 3 – Responsibilities**

*“The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision making and independent challenge.”*

**Accountability**

The Group has in place a well developed and embedded global operating framework which sets out Group operating rules, policies, procedures and delegations of authorities. In addition, the Company has established a UK governance framework, aligned to the global operating framework, designed to meet the Company’s requirements in the UK.

**Board and Executive Team**

The Board has delegated the day to day management of the Company to the UK & Ireland Regional Leadership Committee (“RLC”) which is representative of the Company’s diverse segment businesses and supporting functions.

The Board and the RLC are responsible collectively for the corporate governance of the Company. The day to day operational management of the Company’s business, including sales & financial performance, is implemented through each business segment. The segments are supported by the functions, including finance, legal, human resources, service operations, and communications, with executive oversight from the RLC and the Board.

The RLC is responsible for the executive management of the Company’s business. The Board promotes the purpose of the Company in the region in alignment with the Sodexo Group; ensuring that its values, strategy and culture align with that purpose; provides constructive challenge to the RLC and oversees the stewardship and accountability of the Company in terms of financial governance and risk management.

The RLC meets at least monthly and the Board operates a programme of four scheduled meetings a year, with ad hoc meetings held as and when required. In 2022, the Board met a total of four times. Minutes of decisions and actions are recorded for each meeting. Board meetings are scheduled to follow RLC meetings and the Directors have access to the same key management information.

The Board and the RLC consider and oversee significant matters which carry potential financial, operational, reputational or legal risk for the Company and which might influence the strategy and sustainable success of the Company. Agenda items include:

- Health and safety
- Sales and financial performance
- Risk management and governance
- Strategy, growth and business planning
- Human resources
- Ethics and compliance
- Environmental social and governance
- Technical and services support
- Brand and communications
- Potential acquisitions and divestments

Specific items will also be considered at meetings depending on the circumstances – for example: the impact of the Ukraine situation, COVID-19, and inflation on the Company, current market and competitor activity; and the progress of the annual Internal Audit Plan.

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## SODEXO LIMITED

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

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#### Governance and management committees

The Company has established a sound and proportionate governance model given the size and complexity of the business. This includes several empowered committees which identify, manage and report on the risks which might impact the Company and the progress of plans to address those risks. Each committee has its own terms of reference and reports ultimately to the Board. Each is reviewed periodically and evolved to ensure relevance and effectiveness. These currently include:

#### Risk Management Committee

The purpose and activities of this committee are explained further under Principle 4.

#### Ethics & Compliance Committee

This comprises of: CEO (chair), HR Director, CFO, General Counsel, UK&I Head of Internal Audit, Head Risk & Control, and Head of Supply Management. A segment CEO from a business segment is also included on a rotational basis annually. The Committee receives, logs, considers and manages concerns raised under the Code of Ethics, Anti Bribery Policy, Gifts & Hospitality Policy and Whistleblowing Policy, including any allegations of bribery and corruption. The Committee conducts investigations, takes appropriate action, monitors and reviews incidents, training, measures trends, and report appropriately to the Board. The Committee's minutes are submitted to each Board meeting for consideration by the Directors.

#### Quality, Safety, Health & Environment (QSHE) Committee

This committee is made up of representatives across the UK&I region including the health and safety director. The purpose of this committee is to provide strategic direction on QSHE matters, to monitor performance and effectiveness of the management systems, drive continual improvement, consider the social impact of our processes underpinned by quality and a commitment to reduce injury and harm to safety and health.

#### Committees

The Company has various other forums, processes and controls to monitor and manage specific risk areas. These include:

- Business Continuity Committee – forum for all matters relating to incident management, crisis management, business continuity and disaster recovery. It ensures sites are using the Business Continuity Management system and it is aligned to ISO22301.
- Public Sector Board – the purpose of this Board is to enable the Company to facilitate greater collaboration and delivery of commitments with the UK Government.
- Cyber Security Committee – specific risk, mitigation and management planning for IT security risks
- Marketing and Service Operations Committee coordinates the development and marketing of the Company's business services and offers in alignment with Sodexo Group.
- Social Impact Pathways – to support our business on bringing to life our purpose, establishing clear governance and assurance around our authentic approach to creating social value, and making an impact on society and our environment.

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## **SODEXO LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

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#### **Integrity of Information**

The Board receives reports on business and financial performance, key risks and opportunities, strategy, operational matters, market conditions, human resources, legal, compliance, and regulatory matters.

Financial information and statements are collated by the Company's centralised finance function from its various accounting systems, that facilitate and control the recording of all financial transactions and entries. Consistent accounting policies are applied that are aligned with IFRS (International Financial Reporting Standards) and with the Group Accounting Manual. The Company's finance function has the appropriate independence, expertise and qualifications to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is externally audited by KPMG on a half year and full year basis. Financial controls, processes and records are reviewed by the Company's centralised internal audit function.

Other key information is prepared by the relevant business and internal functions.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principle 4 - Opportunity and Risk**

*"The Board should promote the long term sustainable success of the Company by identifying opportunities to create and preserve value and establish oversight for identification and mitigation of risks."*

**Opportunity**

The Board and the RLC consider on an annual basis the Company's strategic plan, which includes a consideration of long term strategic opportunities (for example, the acquisition of strategic contracts and the development of new services). Short term opportunities to improve business performance and achieve operational efficiencies are also considered and actioned continuously by the RLC and Sodexo S.A., with clear delegations of authority for decision making and review at the Company's RLC and board meetings.

**Risk**

The Company ensures effective risk management through its Risk Management Committee. The Committee comprises: CEO, CFO (chair), General Counsel, HR Director, CEO Technology and Services, Director of Risk & Asset Management, Head of Risk & Control, Head of Internal Audit, and a CEO from a business segment on a rotational basis.

The Committee keeps under review the Company's overall risk assessment processes and the effectiveness of the Company's risk management systems, ensuring that sound, integrated risk management and internal control systems are maintained throughout the organisation. The Committee also sets the standard for ensuring the accurate and timely monitoring and mitigation of large risks.

The Committee tracks the significant financial, operational, reputational and legal risks, and effectiveness of mitigations using a market standard risk register and methodology (likelihood / impact and risk rating), supported by a software tool. The Committee meets at least quarterly and receives detailed input from risk committees at the segment or region team level which provide periodic assurance statements. The Committee produces a quarterly update which is submitted to each Board meeting for consideration by the Directors.

**Internal Control**

Key to Sodexo's risk management is the internal control system, which is based on the internal control reference framework recommended by the French securities regulator (Autorité des marchés financiers – AMF). The five components of the reference framework are the control environment (integrity, ethics, competencies, etc.), evaluation of risks (identification, analysis and management of risks), control activities (methods and procedures), information and communication (collection and sharing of information) and monitoring (follow up and eventual updating of processes).

The framework is embedded through risk champions across all teams, a range of committees and groups to address specific risk areas like health and safety, track risks and mitigations, actions to address risks that crystallise to issues, and process and controls which are tested routinely every year. In addition, the Group Internal Audit team review a discreet list of business areas every year, with actions and improvements thereon. The effectiveness of these are assessed at the risk management committee.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principle 5 – Remuneration**

*"A Board should promote executive remuneration structures aligned to the long term sustainable success of a company, taking into account salary pay and conditions elsewhere in the Company."*

The Company's compensation policy is an essential lever for profitable growth. Through a balance between individual and collective recognition, long term and short term, it aims to strengthen our culture of performance.

The Company's performance based reward and recognition philosophy and policies will help build a performance culture by rewarding individual contributions to collective success. The reward philosophy is based on four pillars: competitive salary, variable and discretionary long term incentives for some roles, relevant locally and regionally maintained benefits.

**Compensation Framework**

All compensation and Reward decisions made within Sodexo UK&I should reinforce our commitment to these global key principles and must therefore rely on several compensation fundamentals:

- Job Documentation & Evaluation: Each job should be graded using the Group's Korn Ferry based methodology. Evaluations will be based on written job descriptions including the most recent possible information on the scope and structure of the job, validated by the appropriate dimension HR or Group Talent team member.
- Salary Structures: Each country should have a confirmed set of salary ranges by grade established collaboratively by Group Reward, Country HR, and Geographic Governance. These wage rates and salaries reflect market rates which are benchmarked against a number of industry external data. Rates are set in a way which allows Sodexo to attract and retain required talent.
- Additional company benefits can be offered to all or some roles, and are determined by local regulations and practises, and relevance to local employees.
- Variable Pay Guidelines: Some roles have short term performance incentives (annual incentive payments) and long-term incentives (performance shares) that have target minimum and maximum levels established for each grade by Group Reward. These are set as a percentage of base pay based on combined data analysis of market practice in hub locations.

There are areas of unionised groups of employees within Sodexo UK&I.



**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principle 6 – Stakeholder Relationships and Engagement**

*“Directors should foster effective stakeholder relationships aligned to the Company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”*

As well as outlining how the Company has applied Principle 6 of the Wates Corporate Governance Principles, the Company describes in this section how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. In particular, the statement below outlines how the directors have acted in a way which is most likely to promote the success of the Company for the benefit of the members as a whole and in doing so having regard for stakeholders’ interests.

The Board and the RLC are responsible for fostering effective relationships with all its stakeholders, including its clients, employees, suppliers, the UK Government and the wider community. We consider the key stakeholders to be as follows:

**Employees**

The Board recognises that, as an integrated facilities management service provider, its employees are key to the Company’s strength and success. The Board and the RLC is committed to ensuring:

- Health & Safety
- Ongoing support to all employees
- High levels of employee engagement, wellbeing and communications
- A diverse and inclusive workforce and culture.

**Health & Safety**

The Company is committed to ensuring a safe and healthy working environment for all its employees, contractors and visitors. Through suitable and sufficient risk assessment and the creation of resulting safe systems of work, Sodexo provides employees with information, training and instructions to enable them to work safely and to protect the safety and health of those who may be affected by its activities. Compliance with legislative requirements underpins its purpose. The Company tests and challenges itself to continually improve and to engage with its people to ensure everyone has a voice and is properly informed.

The Company believes that health and safety is everyone’s responsibility and through strong leadership, supervision and holding each other to account, health and safety can become a way of life that adds value and drives improved performance. Management and monitoring of performance is achieved through robust reporting, strong audit and monitoring regimes.

**Employee engagement**

We strive to create an employee experience that enables our people to “belong, act and thrive” whilst working for Sodexo. We measure the effectiveness of our “belong, act, thrive” Employee Value Proposition (EVP) by conducting annual global employee engagement surveys\* and ad hoc surveys to address specific areas of the organisation. The data are thematically and statistically analysed to distil an action plan to address feedback solicited through the survey. A communications strategy is then tuned to deepen employee engagement by focusing on informing, engaging and inspiring colleagues to create an effective and inclusive workplace.

Regular employee engagement surveys are conducted and results are carefully scrutinised by the RLC to identify and implement actions for improvement. The RLC monitors attrition rates, feedback from exit interviews, and absenteeism levels in an effort to identify emerging people risks, trends, and to ensure appropriate action is taken to address these. Emerging people risks and trends are highlighted to the Board together with proposed action plans.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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Sodexo did not conduct a company-wide employee engagement survey in 2022 but did roll out an alternative product "Team Voice", which allowed managers to survey employees and create action plans locally. Colleagues' opinions are valuable to help guide strategy and business planning and we are planning a company-wide survey in April 2023.

The Company continues to provide ongoing support to all employees through:

- promoting 'Speak Up', which is a confidential route for staff to raise concerns
- offering a free helpline 'Talk' where staff and their families can seek expert advice on personal and mental wellbeing topics.
- offering a range of wellbeing products designed to provide employees with access to: a virtual 24/7 GP; free will writing services; daily wellbeing activities; fitness and nutrition consultation;
- providing employees with the ability to access discounts to multiple high street retailers, with over £4.5M of savings made by employees since launch.
- Providing all employees with access to life assurance

The Company is proud of all of its teams and their dedication and agility as our client and business needs continue to evolve.

#### Diversity, Equity & Inclusion (DE&I)

Inclusivity is a key commitment and proof point of our EVP to ensure colleagues 'can bring their authentic selves to work' so they feel a sense of belonging that allows them to act with purpose and thrive.

Our DE&I strategy focuses on five dimensions gender, race and ethnicity, disability, generations and gender identity and sexual orientation and gender identity. Each of these focus areas has an executive sponsor who is a member of the RLC. They play a key role at championing the agenda, driving progress and embedding accountability at a senior level.

Sodexo recognises the impact we have, and can have both within our organisation, and the communities that we work and live within.

Through our Social Impact People pathway we demonstrate enabling our employees, customers and community citizens to thrive. Examples of this are:

- our award winning apprenticeship pathway programme – with over 1,100 apprentices representing almost 4% of our employee headcount.
- our commitment to ending Modern Slavery as we believe in the elimination of all forms of compulsory labour and work to ensure slavery and human trafficking does not take place in any part of our business or supply chain
- the aspirational targets we have for the representation of women and those from under represented ethnic groups in management and senior leadership positions, for example, we are; committed to closing the gender pay gap across our legal entities in the UK to 10% by 2025, and initiatives to support women in the community to drive societal change. Sodexo was one of the first hospitality organisations to publish our Ethnicity Pay Gap.
- In 2022, we achieved Silver in the Stonewall Workplace Equality Index, our first time entering this benchmark. We have also achieved Level 2, Star Employer, in the Investing in Ethnicity maturity matrix. We are also a signatory of the Wellbeing of Women Menopause workplace pledge and have committed to becoming a menopause and Endometriosis friendly employer.; we encourage employment of other disadvantaged groups including long term unemployed, prison leavers, and homeless, and enable all employees to take up to 3 days paid a year supporting the charities of their choice.

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## **SODEXO LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

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#### **Clients**

The Company operates a Client Lifecycle approach to monitor and manage all contracts.

Client retention is the essential first step in our Focus on Growth strategic agenda that helps create sustainable growth. This is underpinned by our “Clients for Life” programme. It is imperative that we continually seek to listen, understand and meet our client’s expectations throughout the client lifecycle to help ensure we never knowingly lose profitable business.

Members of the RLC and our operational senior leadership team meet with our key clients at regular intervals to discuss and collaboratively agree the key strategic priorities that both organisations will invest effort and resources in that drives continuous progression of both the strategic partnership and enhances service performance that impacts on our clients, employees and visitors.

#### **Suppliers**

The Company manages their end to end supply chain to meet legislative requirements, mitigate risks and satisfy customer demands for supply chain transparency. All suppliers of goods and services to Sodexo are prequalified to ensure they are capable and competent to deliver the goods or carry out the work they are being contracted to supply. Vendors are assessed against Sodexo’s Supplier Code of Conduct. The level of initial assessment and ongoing monitoring relates directly to the services/products provided or to be performed and the associated risk. Assessment of vendor suitability is carried out by professionals who are independent from the day to day operational management of the vendors they evaluate.

Food suppliers are further audited by Sodexo’s Health and Safety division, against our own Supplier Code of Practice. It is essential suppliers strive to meet these standards on a continuous basis as a condition of the supply agreement. Failure to meet the expected standard results in the immediate suspension of trade. If positive action is not taken to remedy the situation, the supplier will be removed from supply chain.

The Company promotes purchasing policies that increase the use of environmentally sound and ethically sourced products & partnering with a diverse supply chain, including small & medium enterprises and social enterprises. We encourage our suppliers to share our ethical principles and procurement commitments.

The Company is committed to ensuring that slavery and human trafficking is not taking place in any of its supply chains or any part of its business and has in place measures to manage this risk including risk based audit process.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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## Community

Sodexo's approach to creating Social Value and measuring its impact within local communities forms an integral part of the Company's regional strategy. The Company is undergoing a comprehensive programme to fully embed and coordinate its impact on local communities and the environment. This is led by our RLC.

Our focus is based around four social impact pathways:

- Our People – by enabling our employees, customers and community citizens to thrive
- Our Planet – by fostering a culture of environmental responsibility through protecting and enhancing our planet
- Our Places – by adopting a need led approach to creating equity for all across our communities
- Our Partners – by taking an inclusive approach to creating resilience and growth amongst our partner network

Each year we publish our progress against our social impact commitments. This can be found at Social Impact Pledge - <https://uk.sodexo.com/social-impact/people.html>

Sodexo have been actively tackling our climate impacts for over a decade following our partnership with the World Wildlife Fund (WWF) who have supported us in measuring and reducing our carbon footprint. We set a baseline in 2017 that covered not just our scope 1 and 2 direct operations, but all scope 3 categories across our value chain. In 2021, we exceeded the Sodexo Group science based target to reduce greenhouse gas (GHG) emissions by 34% by 2025 and set out a comprehensive regional roadmap and transition plan to reach net zero no later than 2045. In 2022, we became one of the first organisations globally to have both near and long term science based targets validated by the Science Based Targets initiative (SBTi), as we prioritise decarbonisation to reach net zero. Our near term target is to reduce scope 1, 2 and 3 GHG emissions by 55% by 2030 and we will reach net zero once we have achieved our long term target of reducing scope 1, 2 and 3 GHG emissions by 90% by 2045, with any remaining emission neutralised. We have seen our carbon footprint increase slightly as we returned to pre pandemic operational levels; we are recording a 36% reduction in scope 1, 2 and 3 GHG emissions across our UK onsite service operations. Scope 1 emissions relate to those emissions that we make directly, including the fuel we use in our vehicles and the heating of our offices. Scope 2 emissions refer to the indirect emissions from the generation of purchased electricity, such as powering our offices. Scope 3 refers to all other indirect emissions that occur in our value chain, including supply chain, business travel, employee commuting, and client site energy and waste.

Further information on our science-based targets, roadmap and transition plan can be found at: <https://uk.sodexo.com/netzero.html>

Sodexo is the founding partner of the Stop Hunger Foundation; an independent registered charity active in over 54 countries around the world and was created in 1996 by US Sodexo colleagues who witnessed children going to school hungry.

Stop Hunger relies on national, regional and local partnerships with registered charities and Community Interest Companies (CICs), as well as the unique ecosystem of Sodexo to tackle food insecurity and its root causes. Our key partners include Fareshare, Trussell Trust and SSAFA. We provide our partners with grant giving opportunities, hands on volunteering, expertise and knowledge sharing and fundraising events. In addition to alleviating hunger, the Foundation aims to support initiatives which go beyond food aid and also empower women effectively and sustainably to eliminate food insecurity in the communities we live, work and play.

In FY22, over £300,000 was raised supporting 13 charities in the UK and Ireland to help more than 1,140,000 beneficiaries exit food insecurity. Stop Hunger and Sodexo also partnered to support individuals affected by the war in Ukraine and fundraised more than £13,000 to support the World Food Programme (WFP) to access and redistribute food to those impacted. Our colleagues donated a total of 4,443 hours of their time, of which 800 hours focused on knowledge and expertise sharing.

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## SODEXO LIMITED

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

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All Sodexo employees are 'gifted' three paid days per annum to participate in volunteering and fundraising for causes close to their hearts. A team of charity champions are evident across our business, engaging, encouraging and enabling ways in which our workforce can give back to our communities.

Further information on the Company's work in this area, and the impact in local communities, is set out at <https://uk.stop-hunger.org/home>

#### Shareholder

The Board of the Company duly considers the views of its ultimate shareholder, Sodexo S.A., and the interests of the Group as a whole as part of any major decisions and transactions undertaken by the Company. The Chair, the Board and the RLC members provide the channel of communication between the Company and its shareholder.

#### Long-term decision making

The directors continue to review the Company's organisational structure, cost base, service offers, investments and other business plans to ensure all are optimal as our environment evolves.

#### Standards of business conduct

The Company's Code of Ethics applies to all Directors and employees of the Company, and it embodies the Group's commitment to maintaining the highest standards of ethical business conduct and integrity. This is underpinned through regular training and an embedded ethical culture. The Company has implemented a Whistleblower facility whereby staff can raise issues that could be misconduct. Regular mandatory training for staff on the principles of Responsible Business Conduct is in place and completion rates are monitored.

The Ethics & Compliance Committee receives, considers, and manages concerns raised under the Code of Ethics, Anti Bribery Policy, Gifts & Hospitality Policy and Whistleblower Policy (including any allegations of bribery and corruption), conducts investigations, takes appropriate action, monitors and reviews incidents and training, measures trends and reports appropriately to the Board. The Committee maintains an incident log.

Sodexo shares the same ethical principles as those set out in the Modern Slavery Act, 2015. We believe in the elimination of all forms of compulsory labour and work to ensure slavery and human trafficking do not take place within any part of our business supply chain.

Further details are set out in the Company's Modern Slavery Act Statement:

<https://uk.sodexo.com/files/live/sites/com-uk/files/Legal%20and%20Privacy/modern-slavery-report.pdf>

#### UK Government – stakeholder management

Sodexo is one of the government's strategic suppliers and manages its relationship with central Government via the Cabinet Office. This provides us with a central relationship to provide oversight on all public services that we provide and the ability to work in partnership to build mutually agreed objectives to meet the needs of government. We are appointed a Crown Representative to ensure that any business issues or initiatives are reviewed within the commercial function and act as an interface with departments.

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## SODEXO LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

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#### Pension Trustee

The Trustees are responsible for managing the Sodexo Pension Fund ('the fund') which is a defined benefit or "DB" pension fund, in order to ensure that it is well governed and that all member benefits remain secure. While it is no longer open to accrual for new members, the fund still has a small number of active members and a significant number of deferred and pensioner members. Sodexo Ltd executives meet regularly with the Pension Trustees, discussing administration of the fund, governance, and both company and fund asset performance. The ongoing liabilities and assets of the fund are monitored closely and Sodexo Ltd makes payment to the fund based on agreed employee and employer contributions. The full actuarial valuation of the assets and liabilities of the fund takes place every 3 years, with the most recent as at April 2021 when consideration was given to the DB Funding Code of Practice contained within the Pension Schemes Act 2021. As a part of this, a one-off payment of £60m was made in January 2022 to materially reduce the funding deficit at that time, with fund liabilities now hedged to a high level through matching assets. Sodexo Ltd remains fully committed to the support of the Sodexo Pension Fund. The fund is also supported by a Sodexo S.A. guarantee of £40 million.

#### Closing

The Company is keen to demonstrate appropriate transparency in its work and strategy as an indication of the pride it holds in its people and the delivery of exceptional services. We believe transparency will further develop the trust that our colleagues, clients and communities have shown us during our corporate history.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Post balance sheet events

On 20 April 2023 Sodexo Limited acquired the entire share capital of Sabaillon Holdco Limited for an initial consideration of £9,776,000. As a result of the acquisition, Sodexo Limited indirectly controls the entire share capital of Sports Travel and Hospitality Group Limited, Sports Travel and Hospitality Limited and Sports Travel and Hospitality New Zealand Limited at the date of approval of these financial statements.

#### Auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf.



**Jean Renton**  
Director

Date: 24 May 2023

One Southampton Row  
London  
WC1B 5HA

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## SODEXO LIMITED

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022**

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The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that are sufficient to show and explain the Company's transactions and 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. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO LIMITED

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**Opinion**

We have audited the financial statements of SODEXO LIMITED ("the company") for the year ended 31 August 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- Competition risk: The retention of key contracts and ability to secure new contracts on exit or loss of existing portfolio;
- Economic risk: The ability to manage inflationary cost increases.

Since the entity may need financial support from other group entities if these risks crystallise, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating the group's intention to provide this support, examined financial statements to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern including the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO LIMITED (CONTINUED)**

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**Fraud and breaches of laws and regulations - ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Company management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates; and
- the risk that revenue is overstated through recording revenues in the wrong period.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO LIMITED (CONTINUED)**

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**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the requirements of the Companies Act 2006.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 21, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

**The purpose of our audit work and to whom we owe our responsibilities**

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.

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SODEXO LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SODEXO LIMITED (CONTINUED)

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**Andrew Reddington (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE

25 May 2023

SODEXO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	2022 £000	2021 £000
Turnover	4	1,472,174	1,363,917
Operating expenses		(1,401,391)	(1,331,756)
Other operating income	5	-	13,563
<b>Operating profit</b>	6	<b>70,783</b>	<b>45,724</b>
Other income		-	985
Income from fixed assets investments	10	4,994	3,883
Interest receivable and similar income	12	6,304	3,710
Interest payable and similar expenses	13	(9,864)	(8,301)
Other finance income	14	205	21
<b>Profit before tax</b>		<b>72,422</b>	<b>46,022</b>
Tax on profit	15	(15,414)	(14,416)
<b>Profit for the financial year</b>		<b>57,008</b>	<b>31,606</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain on defined benefit schemes	28	61,707	4,407
Movements of deferred tax relating to pension (deficit)/surplus	25	(15,427)	6,054
		<b>46,280</b>	<b>10,461</b>
<b>Total comprehensive income for the year</b>		<b>103,288</b>	<b>42,067</b>

The notes on pages 28 to 57 form part of these financial statements.

**SODEXO LIMITED**  
**REGISTERED NUMBER: 00842846**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Goodwill	17	250	250
Other intangible assets	16	464	3,249
Tangible fixed assets	18	44,540	46,308
Investments	19	68,757	69,255
		<b>114,011</b>	<b>119,062</b>
<b>Current assets</b>			
Stocks	20	13,367	10,144
Debtors: amounts falling due within one year	21	917,939	936,443
Bank and cash balances		116,413	121,377
		<b>1,047,719</b>	<b>1,067,964</b>
Creditors: amounts falling due within one year	22	(635,916)	(655,906)
<b>Net current assets</b>		<b>411,803</b>	<b>412,058</b>
<b>Total assets less current liabilities</b>		<b>525,814</b>	<b>531,120</b>
Creditors: amounts falling due after more than one year	23	(266,301)	(266,675)
<b>Provisions for liabilities</b>			
Deferred taxation	25	(11,402)	-
Other provisions	26	(18,361)	(16,492)
		<b>(29,763)</b>	<b>(16,492)</b>
Defined benefit pension surplus	28	129,003	7,466
<b>Net assets</b>		<b>358,753</b>	<b>255,419</b>
<b>Capital and reserves</b>			
Called up share capital	27	22,379	22,379
Profit and loss account		336,374	233,040
		<b>358,753</b>	<b>255,419</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2023.

  
**Jean Renton**  
Director

The notes on pages 28 to 57 form part of these financial statements.

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**SODEXO LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2022**

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	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 September 2020</b>	<b>22,379</b>	<b>190,972</b>	<b>213,351</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	<b>31,606</b>	<b>31,606</b>
Actuarial gains on pension scheme, net of deferred tax	-	<b>10,461</b>	<b>10,461</b>
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>42,067</b>	<b>42,067</b>
Stock option	-	<b>1</b>	<b>1</b>
	<hr/>	<hr/>	<hr/>
<b>At 1 September 2021</b>	<b>22,379</b>	<b>233,040</b>	<b>255,419</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	<b>57,008</b>	<b>57,008</b>
Actuarial gains on pension scheme, net of deferred tax	-	<b>46,280</b>	<b>46,280</b>
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>103,288</b>	<b>103,288</b>
Stock option	-	<b>46</b>	<b>46</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 August 2022</b>	<b>22,379</b>	<b>336,374</b>	<b>358,753</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 28 to 57 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. General information**

Sodexo Limited, a private company limited by shares, is incorporated in the United Kingdom. The company's registered number is 00842846 and its registered office is One Southampton Row, London, WC1B 5HA.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Sodexo S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group. The results of the Company are included in the consolidated financial statements of Sodexo S.A., incorporated in France.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.2 Going concern**

The directors continue to adopt the going concern basis in the preparation of the financial statements.

The Company forms part of the Sodexo UK and Ireland group of companies, together the “UK&I Group”, which is part of the wider Sodexo Group headed by Sodexo S.A. The principal activity of the UK&I Group is to provide facilities management and catering services across the UK and Ireland, operating across various segments such as education, sports and leisure, corporate services, government and healthcare.

The company meets its day to day working capital requirements from operational cash flows, cash pooling and intercompany loan arrangements within the UK&I Group.

The UK&I Group has remained resilient throughout the adverse changes in the economic environment as a result of tight management of cash and balance sheet, and strong retention of existing contracts, alongside the spread of business across food and facilities management services, and across public and private sector clients as well as the strong inflation management processes in place. In addition, the UK&I Group continues to see opportunities for organic growth with new contracts in the pipeline. However, we remain prepared for further macro-economic impacts with agility, good commercial management, and careful cost control continuing to be critical.

To inform the basis of preparation of these accounts, the directors have considered cash and profit forecasts for forward trade over the next 12 months of the UK&I Group, based on the facts we have now. These forecasts include a severe but plausible downside scenario which models a deterioration in gross margin as a result of operational performance, a downturn in revenues due to contracts of key clients not being renewed and the under recovery of inflation. The forecasts indicate that the UK&I Group will continue to be resilient in the current macro-economic environment. Routine peaks in cash requirements during the trading cycle will be funded from an overdraft facility with the parent company, Sodexo S.A., if necessary. In a worst-case scenario, the Company could draw upon additional funding from its ultimate parent company to enable it to meet its liabilities as they fall due during the 12 month period from the signing of these accounts.

Sodexo S.A., which currently has a strong credit rating of Baa1 from Moody's Investors Service, has indicated its intention, by a letter of support, to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and therefore have prepared the financial statements on a going concern basis.

**2.3 Measurement convention**

The financial statements are prepared on the historical cost basis and in line with applicable accounting standards.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.4 Revenue**

The Company provides a range of on-site services to businesses and public-sector customers. Services contracts may include the provision of food and catering, facilities management, property and technical services.

Revenues are measured at the fair value of the consideration received or to be received, net of discounts and rebates as well as Value Added Tax (VAT) and other taxes.

Revenue is recognised in accordance with IFRS 15, following a five-step approach:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue when the transfer of control of goods/services occurs

In the majority of cases, revenue from on-site contracts is recognised over time as the customer typically receives the benefits as the Company performs the contracted services. Revenues include all revenues stipulated in the contract, considering whether Sodexo acts as principal or agent.

Food services revenues are recognized when the customer pays at the check-out (the date on which control of the goods is transferred to the customer, since the sales do not represent any other unsatisfied performance obligation at that date).

Facilities management, property and technical services mainly represent routine or recurring services, whose benefits are simultaneously received and consumed by customers as they are performed by the Company, and therefore correspond to performance obligations satisfied over time. Consequently, the Company applies the practical expedient provided for in IFRS 15 and recognises the revenue for its right to bill (invoicing based on contractual prices, which represent the transaction prices of the different promised services). As a result, revenue recognition matches with billing for most services.

**2.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write-off the cost or valuation less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Plant and equipment	3-12 years
Motor vehicles	3-5 years

No depreciation is provided on freehold land. All short leasehold properties are amortised over the unexpired term of the lease.

The Company has adopted a policy of not revaluing fixed assets. The carrying value of fixed assets reflects previous revaluations.

Assets held under construction are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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**2. Accounting policies (continued)**

**2.6 Intangible fixed assets and amortisation**

Development costs represent the costs associated with developing software by the Company for its internal use.

Development costs are amortised over their estimated useful lives. This is 3-7 years.

Licenses purchased by the Company are amortised to nil by equal annual installments over their useful economic lives, being the period over which benefits arise.

**2.7 Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**2.8 Stock**

Stock is stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

**2.9 Goodwill**

Any residual difference between the fair value of the consideration transferred, increased by the amount of the non-controlling interest in the acquired business and the fair value as at the date of acquisition of the assets acquired and liabilities assumed, is recognised as goodwill in the statement of financial position. Goodwill is considered to have an indefinite useful life and is tested for impairment whenever there is an indication of impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.10 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**2.11 Pre-contract costs**

Pre-contract costs are expensed as incurred, except when costs are directly attributable to a contract where the award is virtually certain to occur within a reasonable timescale and positive net cash flows are anticipated. In such circumstances costs are recognised within other debtors and written off over the life of the contract, being the directors' best estimate of useful life.

**2.12 Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.13 Basic financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

**Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs, trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

**Bank and cash balances**

Bank and cash balances comprise cash at banks and in hand as well as short term deposits.

**Investments in subsidiaries**

Investments in subsidiaries are carried at cost less impairment.

**2.14 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is calculated using the following parameters: risk-free rate of the relevant currency, duration of the lease, credit spread of the Company.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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2. Accounting policies (continued)

2.14 Leases (continued)

option to terminate the lease.

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.17.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.15 Impact of new international reporting standards, amendments and interpretations**

In March 2021 the IFRS Interpretation Committee made final its decision, providing details on the accounting for configuration and customization costs of SaaS (Software as a Service) type software. This decision clarifies that configuration and customization costs related to SaaS software are to be recognized as an expense except if the costs meet the definition of an intangible asset in application of IAS 38 "Intangible Assets". The application of this decision cumulatively as of 1 September 2021 was calculated to be £1.85m, net of tax. This impact is not considered to be material for the Company. Consequently comparative information relating to the year ended 31 August 2021 has not been restated and the impact has instead been recognised within disposals of intangible assets in the year ended 31 August 2022.

**2.16 Government grants**

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Statement of Financial Position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

**2.17 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or cash-generating unit (CGU's)) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to make estimates and judgments which affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and for revenues and expenses for the period.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgments that have the most material impact on the financial performance and position of the Company are as follows:

**(i) Impairment of non-current assets**

See section 2.17 of the accounting policies for further detail of the Company's policy for the review of impairment.

Determining the carrying value of investments in subsidiaries, where indicators of impairment are observed, requires estimation of the value in use of the investment. The value in use calculations require an estimation of future cash flows expected to be generated by subsidiaries and of suitable discount rates in order to determine the present value of those cash flows.

**(ii) Provisions for onerous contracts**

Provision is made for onerous contracts. These provisions require management's best estimate of the costs that will be incurred. In addition, the timing of the cash flows and discount rates used to establish net present value of the obligations require management's judgment.

**(iii) Valuation of post-employment benefit assets and liabilities**

The Company operates a defined benefit pension scheme. Valuation of the underlying assets and liabilities of this scheme is dependent upon a series of assumptions, as outlined in section 25 of these financial statements.

**(iv) Leases**

The Company adopted IFRS 16 as at 1 September 2019. Subsequently an assessment is made for all new contracts which may contain a lease. Judgment is applied to determine whether the Company obtains substantially all of the economic benefit arising from the use of an asset, and whether it has the right to direct the use of the asset. Right of use assets and lease liabilities are recognised in line with the judgments made applied to the Company's contractual arrangements.

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**4. Turnover**

The whole of the turnover is attributable to the provision of food and facilities management services.

All turnover arose within the United Kingdom.

Timing of revenue recognition:

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Revenue recognised as goods and services are provided	<b>1,472,174</b>	<b>1,363,917</b>
	<u><b>1,472,174</b></u>	<u><b>1,363,917</b></u>

**5. Other operating income**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Government grants receivable	-	<b>13,563</b>
	<u>-</u>	<u><b>13,563</b></u>

During the year ended 31 August 2021, the Company accessed the UK Government's Coronavirus Job Retention Scheme. Government grants receivable represent the reimbursement of the wages of certain employees who had been furloughed but were kept on the payroll.

**6. Operating expenses**

The operating profit is stated after charging / (crediting):

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Depreciation of tangible fixed assets	<b>16,031</b>	<b>19,918</b>
Amortisation of intangible assets, including goodwill	<b>1,186</b>	<b>2,796</b>
Impairment of intangible assets	-	<b>1,439</b>
Gain on disposal of tangible fixed assets	<b>2,507</b>	<b>476</b>
Defined contribution pension cost	<b>24,800</b>	<b>22,294</b>
Defined benefit pension cost	<b>2,014</b>	<b>2,492</b>
Cost of stocks recognised as an expense	<b>174,685</b>	<b>114,559</b>
Government grants (see note 5)	-	<b>(13,563)</b>
	<u><b>-</b></u>	<u><b>(13,563)</b></u>



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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**7. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors and their associates:

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	<b>619</b>	<i>585</i>

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Wages and salaries	<b>814,243</b>	<i>823,995</i>
Social security costs	<b>61,651</b>	<i>58,015</i>
Service costs - defined benefit pension scheme	<b>2,014</b>	<i>2,492</i>
Other pension costs - defined contribution pension schemes	<b>24,800</b>	<i>22,294</i>
	<b>902,708</b>	<i>906,796</i>

Included in wages and salaries is a total share-based payment expense of £2,445,000 (2021: £2,539,000). These arise from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2022</b> <b>No.</b>	<i>2021</i> <i>No.</i>
Executives, middle management, site managers & supervisory staff	<b>4,284</b>	<i>3,927</i>
Front line service staff & other employees	<b>38,076</b>	<i>36,262</i>
	<b>42,360</b>	<i>40,189</i>

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## SODEXO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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#### 9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	1,036	1,208
Company contributions to defined contribution pension schemes	94	82
	<u>1,130</u>	<u>1,290</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £439,000 (2021 - £484,000).

During the year 4 directors received shares under the long-term incentive schemes (2021 -4)

The amounts disclosed for directors' remuneration represent an allocation of total UK&I director remuneration. Directors' remuneration is allocated to a Company based on the proportion of a director's time spent concerning matters relating to that Company.

#### 10. Income from fixed asset investments

	2022 £000	2021 £000
Dividends received from subsidiaries	4,994	3,883
	<u>4,994</u>	<u>3,883</u>

#### 11. Other income

On 31 January 2021 the Company sold certain contracts and assets constituting the Horticultural Services business to Tivoli Group. This has given rise to a gain on disposal recognised in profit and loss of £985,000.

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**12. Interest receivable**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Interest receivable from group companies	<b>5,196</b>	2,763
Net gains on foreign exchange	<b>11</b>	-
Interest receivable on bank deposits	<b>1,097</b>	947
	<u><b>6,304</b></u>	<u><b>3,710</b></u>

**13. Interest payable and similar expenses**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Interest payable to group companies	<b>9,279</b>	7,863
Net (gains) on foreign exchange	-	(52)
Interest on lease liabilities	<b>341</b>	490
Other interest payable	<b>244</b>	-
	<u><b>9,864</b></u>	<u><b>8,301</b></u>

**14. Other finance income**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Interest income on pension scheme assets	<b>14,470</b>	13,634
Interest expense on pension scheme liabilities	<b>(14,265)</b>	(13,613)
	<u><b>205</b></u>	<u><b>21</b></u>

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**15. Taxation**

	<b>2022 £000</b>	<b>2021 £000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>8,750</b>	6,869
Adjustments in respect of previous periods	<b>379</b>	1,149
	<b>9,129</b>	8,018
<b>Total current tax</b>	<b>9,129</b>	8,018
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>1,896</b>	1,239
Changes to tax rates	<b>1,630</b>	5,009
Adjustments in respect of previous period	<b>(1,353)</b>	(1,106)
Defined benefit pension	<b>4,112</b>	1,256
<b>Total deferred tax</b>	<b>6,285</b>	6,398
<b>Taxation on profit on ordinary activities</b>	<b>15,414</b>	14,416

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2022 £000</b>	<b>2021 £000</b>
Profit on ordinary activities before tax	<b>72,422</b>	46,022
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>13,760</b>	8,744
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>998</b>	1,358
Adjustments to tax charge in respect of prior periods	<b>(974)</b>	43
Non-taxable income	<b>-</b>	(738)
Other differences leading to an increase (decrease) in the tax charge	<b>1,630</b>	5,009
<b>Total tax charge for the year</b>	<b>15,414</b>	14,416

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**15. Taxation (continued)**

**Factors that may affect future tax charges**

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax assets have been measured using appropriate rates substantively enacted at the balance sheet date of 31 August 2022 and according to the period in which the deferred tax asset is expected to reverse.

**16. Intangible assets**

	Concessions, patents, licences, trademarks and similar rights & assets £000	Development £000	Total £000
<b>Cost</b>			
At 1 September 2021	13,442	31,462	44,904
Additions	3	1,124	1,127
Transfer between asset classes	-	6	6
Disposals	(13,418)	(4,159)	(17,577)
At 31 August 2022	<u>27</u>	<u>28,433</u>	<u>28,460</u>
<b>Amortisation</b>			
At 1 September 2021	13,436	28,219	41,655
Charge for the year	4	1,182	1,186
Disposals	(13,418)	(1,427)	(14,845)
At 31 August 2022	<u>22</u>	<u>27,974</u>	<u>27,996</u>
<b>Net book value</b>			
At 31 August 2022	<u>5</u>	<u>459</u>	<u>464</u>
At 31 August 2021	<u>6</u>	<u>3,243</u>	<u>3,249</u>

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SODEXO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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17. Goodwill

	2022 £000
<b>Cost</b>	
At 1 September 2021	1,689
At 31 August 2022	<u>1,689</u>
<b>Impairment</b>	
At 1 September 2021	1,439
At 31 August 2022	<u>1,439</u>
<b>Net book value</b>	
At 31 August 2022	<u><u>250</u></u>
At 31 August 2021	<u><u>250</u></u>

SODEXO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

18. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>					
At 1 September 2021	31,558	119,712	9,639	3,321	164,230
Additions	8,231	4,951	1,458	2,201	16,841
Transfer between asset classes	-	748	-	(754)	(6)
Disposals	(3,664)	(2,847)	(1,968)	-	(8,479)
At 31 August 2022	36,125	122,564	9,129	4,768	172,586
<b>Depreciation</b>					
At 1 September 2021	14,685	97,655	5,582	-	117,922
Charge for the year	4,781	8,678	2,572	-	16,031
Disposals	(2,024)	(2,181)	(1,702)	-	(5,907)
At 31 August 2022	17,442	104,152	6,452	-	128,046
<b>Net book value</b>					
At 31 August 2022	18,683	18,412	2,677	4,768	44,540
At 31 August 2021	16,873	22,057	4,057	3,321	46,308

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2022 £000	2021 £000
Tangible fixed assets owned	24,080	24,773
Right-of-use assets	20,460	21,535
	44,540	46,308

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**18. Tangible fixed assets (continued)**

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Property	<b>17,804</b>	17,361
Plant and machinery	-	133
Motor vehicles	<b>2,656</b>	4,041
	<u><b>20,460</b></u>	<u>21,535</u>

**Depreciation charge for the year ended**

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Property	<b>(4,774)</b>	(7,602)
Plant and machinery	<b>(8)</b>	(25)
Motor vehicles	<b>(2,536)</b>	(3,002)
	<u><b></b></u>	<u><b></b></u>

**Additions to right-of-use assets**

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Additions to right-of-use assets	<b>9,639</b>	3,178
	<u><b></b></u>	<u><b></b></u>



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SODEXO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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19. Investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 September 2021	76,116
Disposals	(498)
	<hr/>
At 31 August 2022	75,618
	<hr/>
<b>Impairment</b>	
At 1 September 2021	6,861
	<hr/>
At 31 August 2022	6,861
	<hr/>
<b>Net book value</b>	
At 31 August 2022	68,757
	<hr/> <hr/>
At 31 August 2021	69,255
	<hr/> <hr/>

Disposals during the year to 31 August 2022 represent a revision to the initial consideration of acquisitions made in the previous financial year. This revision is made within the twelve-month measurement period from the acquisition date, as permitted by IFRS 3.

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**19. Investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Sodexo Prestige Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Healthcare Services Limited	Buchanan Tower, Buchanan Business Park, Cumbernauld Road, Stepps, Glasgow, G33 6HZ	Ordinary	100%
Sodexo Education Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Defence Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Land Technology Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo International Holdings Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Keyline Travel Management Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Gardner Merchant Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Genesis Facilities Management PLC	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Kelvin Catering Management Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
KS Building Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo (Cyprus) Limited	8 Poseidonos, Larnaca, 6037 Cyprus	Ordinary	100%
Sodexo Property Solutions Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Share Trustees Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Trustee Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Cumbria & Lancashire Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Northumbria Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Norfolk & Suffolk Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Essex Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Bedfordshire, Northamptonshire, Cambridgeshire & Hertfordshire Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The South Yorkshire Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**19. Investments (continued)****Subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Sports Travel & Hospitality Limited	One Southampton Row, London, WC1B 5HA	Ordinary	60%
Sports Travel & Hospitality Group Limited	One Southampton Row, London, WC1B 5HA	Ordinary	60%
Sports Travel & Hospitality New Zealand Limited	Level 11, 2 Kitchener Street, Auckland, 1010 New Zealand	Ordinary	60%
Friars 702 Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Good Eating Holdings Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
MTS Health Limited	One Southampton Row, London, WC1B 5HA	Ordinary	80%
Fooditude Limited	Top Floor Offices, 19 Farncombe Road, Worthing, West Sussex, BN11 2AY	Ordinary	65%
Sodexo Live UK Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**20. Stocks**

	<b>2022 £000</b>	<b>2021 £000</b>
Raw materials and consumables	<b>13,367</b>	<b>10,144</b>
	<b>13,367</b>	<b>10,144</b>

**21. Debtors**

	<b>2022 £000</b>	<b>2021 £000</b>
Trade debtors	<b>105,708</b>	<b>89,806</b>
Amounts owed by group undertakings	<b>723,978</b>	<b>728,860</b>
Other debtors	<b>19,207</b>	<b>21,574</b>
Prepayments and accrued income	<b>61,517</b>	<b>82,044</b>
Tax recoverable	<b>7,529</b>	<b>3,849</b>
Deferred taxation	<b>-</b>	<b>10,310</b>
	<b>917,939</b>	<b>936,443</b>

No interest is receivable on intercompany balances, except as noted below:

Included in amounts due from group undertakings is:

- £397,199,000 (2021: £391,794,000) due from Sodexo Holdings Limited, repayable on demand at 0.5% above the base rate;

- £36,563,000 (2021: £36,293,000) due from Sodexo Global Services Limited, repayable on demand at 0.5% above the base rate;

- £7,197,000 (2021: £nil) due from Sports Travel & Hospitality Limited, repayable on or before December 2026. A further £739,000 (2021: £720,000) is repayable on or before August 2023. Both amounts are repayable at 2% above the base rate.

- £906,000 (2021: £nil) due from Sports Travel & Hospitality New Zealand Limited repayable on or before November 2023, repayable at 2% above the base rate.

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**22. Creditors: Amounts falling due within one year**

	2022 £000	2021 £000
Trade creditors	54,820	54,684
Amounts owed to group undertakings	355,304	357,724
Other taxation and social security	49,438	81,634
Lease liabilities	5,996	6,387
Other creditors	51,263	37,392
Accruals and deferred income	119,095	118,085
	<b>635,916</b>	<b>655,906</b>

No interest is payable on intercompany balances, except as noted below:

Included in amounts payable to group undertakings is:

- £357,014,000 (2021: £330,831,000) due to Sodexo Services Group Limited, repayable on demand at 0.5% above the base rate;
- £2,160,000 (2021: £2,147,000) due to Sodexo Services Company Limited, repayable on demand at 0.5% above the base rate.

All other amounts are repayable on demand.

**23. Creditors: Amounts falling due after more than one year**

	2022 £000	2021 £000
Lease liabilities	14,339	13,737
Amounts owed to group undertakings	250,973	251,100
Other creditors	989	1,838
	<b>266,301</b>	<b>266,675</b>

Amounts owed to group undertakings of £250,973,000 (2021: £251,100,000) are due to Sodexo Holdings Limited and are repayable in June 2027 at a rate of 2.12%.

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**24. Leases**

**Company as a lessee**

Lease liabilities under IFRS 16 are due as follows:

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Not later than one year	<b>5,996</b>	6,387
Between one year and five years	<b>13,129</b>	10,843
Later than five years	<b>1,210</b>	2,894
	<u><b>20,335</b></u>	<u>20,124</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>2022</b> <b>£000</b>	<i>2021</i> <i>£000</i>
Interest expense on lease liabilities	<b>338</b>	490
Expenses relating to leases of low-value assets or short-term leases	<u><b>8,879</b></u>	<u>7,849</u>

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SODEXO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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25. Deferred taxation

	2022 £000
At beginning of year	10,310
Charged to profit or loss	(4,655)
Credit to other comprehensive income	(15,427)
Effect of change in tax rate in income statement	(1,630)
<b>At end of year</b>	<b>(11,402)</b>

The deferred taxation balance is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	8,379	9,055
Short term temporary differences	2,518	2,242
Retirement benefit obligations	(23,148)	(1,867)
Share-based payments	849	880
	<b>(11,402)</b>	<b>10,310</b>

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**26. Provisions**

	Property lease £000	Employee related provisions £000	Restructuring £000	Other £000	Total £000
At 1 September 2021	2,380	1,726	4,683	7,703	16,492
Charged to profit or loss	816	8,893	-	(115)	9,594
Utilised in year	-	(80)	(3,556)	(4,089)	(7,725)
<b>At 31 August 2022</b>	<b>3,196</b>	<b>10,539</b>	<b>1,127</b>	<b>3,499</b>	<b>18,361</b>

**Property lease**

Provision against empty properties, as well as amounts needed to restore properties to their original condition where the lease requires. Property lease provisions are expected to be utilised over the remaining period of the associated lease.

**Employee related provisions**

This category includes two main types of provision:

- Insurance-related provisions for compensation due to employees for accidents and injuries suffered but unresolved at year end.
- Provisions made in relation to employment claims made against the company and their associated legal costs. A total of £8,724,000 is provided against such claims arising during the year to 31 August 2022.

**Restructuring**

Provision for redundancy costs relating to internal restructuring announced prior to the year-end.

**Other**

Other provisions include provision against contracts where costs of fulfilling the contract are higher than the economic benefit expected. A total of £3,499,000, in relation to contract-related provisions, is expected to be utilised over the remaining length of associated contracts, which may exceed one year.

Unless otherwise stated above, all provisions are expected to be utilised within a period of less than twelve months from the year-end.

**27. Share capital**

	2022 £000	2021 £000
<b>Allotted, called up and fully paid</b>		
22,379,146 (2021 - 22,379,146) Ordinary shares of £1.00 each	<b>22,379</b>	22,379



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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**28. Pension commitments**

**Defined Contribution Pension Scheme**

The Company operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the Company to the scheme and amounts to £2,014,000 (2021: £2,492,000).

No contributions (2021: £nil) were payable to the defined contribution scheme at year end

**Defined Benefit Pension Scheme**

The Company also operates a defined benefit pension scheme.

Reconciliation of present value of plan liabilities:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	<b>850,181</b>	813,158
Current service cost	<b>2,014</b>	2,092
Interest cost	<b>14,247</b>	13,613
Actuarial (gains)/losses	<b>(276,127)</b>	44,242
Contributions	<b>196</b>	213
Benefits paid	<b>(23,153)</b>	(23,537)
Past service cost	<b>-</b>	400
<b>At the end of the year</b>	<b>567,358</b>	850,181

Reconciliation of present value of plan assets:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At the beginning of the year	<b>857,647</b>	809,604
Interest income	<b>14,452</b>	13,634
Interest cost	<b>(2,064)</b>	(1,900)
Actuarial gains/(losses)	<b>(214,420)</b>	48,649
Contributions	<b>63,899</b>	11,197
Benefits paid	<b>(23,153)</b>	(23,537)
<b>At the end of the year</b>	<b>696,361</b>	857,647

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**28. Pension commitments (continued)**

Composition of plan assets:

**Total plan assets**

	<b>2022 £000</b>	<b>2021 £000</b>
Fair value of plan assets	<b>696,361</b>	857,647
Present value of plan liabilities	<b>(567,358)</b>	(850,181)
<b>Net pension scheme surplus</b>	<b>129,003</b>	7,466

The amounts recognised in profit or loss are as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Current service cost	<b>2,014</b>	2,492
Interest on obligation	<b>14,265</b>	13,613
Interest income on plan assets	<b>(14,470)</b>	(13,634)
Administration expenses	<b>2,064</b>	1,900
<b>Total</b>	<b>3,873</b>	4,371

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £NIL (2021 - £NIL).

The Company made a one-off funding shortfall payment to the pension fund of £60m in January 2022. The Company does not expect to make further contributions to its defined benefit pension scheme in the year to 31 August 2023.

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**SODEXO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**28. Pension commitments (continued)**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>4.3</b>	<b>1.7</b>
Future salary increases	<b>3.85</b>	<b>3.8</b>
Future pension increases	<b>3.07</b>	<b>3.12</b>
Proportion of employees opting for early retirement	<b>2.7</b>	<b>2.55</b>
Inflation assumption	<b>3.35</b>	<b>3.3</b>
Assumed life expectancy on retirement at age 65:		
Retiring today (male member age 65)	<b>21.9</b>	<b>21.9</b>
Retiring in 25 years (male member age 40 today)	<b>23.2</b>	<b>23.2</b>

The calculation of the defined benefit surplus is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit surplus at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions.

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on net surplus</b>
Discount rate	Increase / decrease by 1.0%	Decrease by 60% / Increase by 75%
Inflation assumption	Increase / decrease by 0.5%	Increase by 32% / Decrease by 29%
Post retirement mortality	Increase by 1 year	Increase by 11%

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## SODEXO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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#### 29. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Balances outstanding at 31 August 2022 with other related parties, are as follows:

	2022 £000	2021 £000
Sports Travel & Hospitality Limited	7,936	720
Sports Travel & Hospitality Group Limited	-	2,700
Sports Travel & Hospitality New Zealand Limited	906	-

Sports Travel & Hospitality Limited, Sports Travel & Hospitality Group Limited and Sports Travel & Hospitality New Zealand Limited are related parties by virtue of the fact that Sodexo Limited owns 60% of the ordinary share capital of each entity.

#### 30. Controlling party

The Company's immediate parent undertaking and controlling party is Sodexo Holdings Limited, a company incorporated in England and Wales.

The Company's ultimate parent company and controlling party is Sodexo S.A., a company incorporated in France. This is the smallest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from The Secretary, Sodexo S.A., 225 Quai de la Bataille de Stalingrad, 92866 Issy-Les-Moulineaux, France.