CREATING OPPORTUNITIES FOR GROWTH

Annual Report 2014

COMPASS GROUP PLC PROVIDES GREAT FOOD AND SUPPORT SERVICES TO MILLIONS OF PEOPLE AROUND THE WORLD EVERY DAY. OUR CORE STRATEGY IS UNCHANGED AND CONTINUES TO DELIVER. WE REMAIN POSITIVE ABOUT THE STRUCTURAL GROWTH POTENTIAL IN FOOD AND SUPPORT SERVICES GLOBALLY.

See this Report and our full Corporate Responsibility Report online at www.compass-group.com/ar14

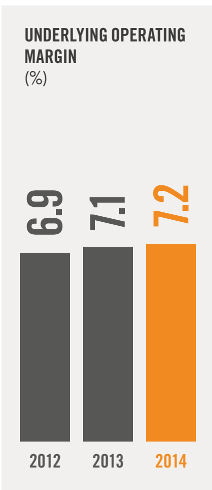
CONTENTS

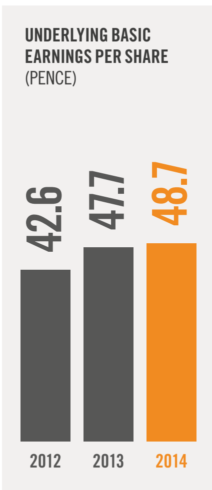
50+
We operate in over 50 countries

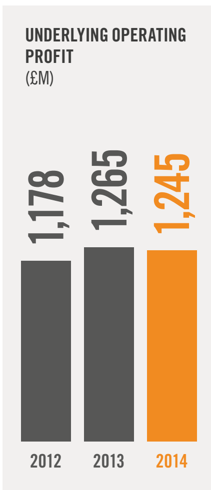
50,000+
We work in more than 50,000 client locations

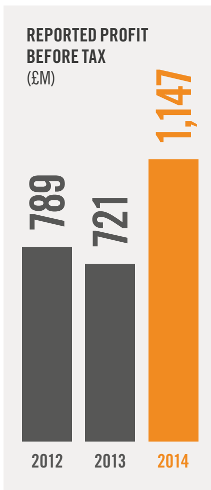
500,000+
We employ more than 500,000 great people

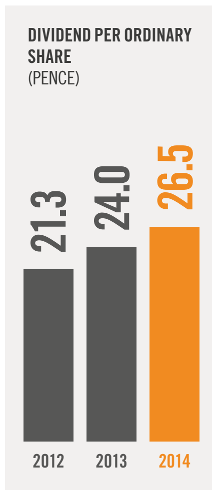
4,000,000,000+
We serve over 4 billion meals a year









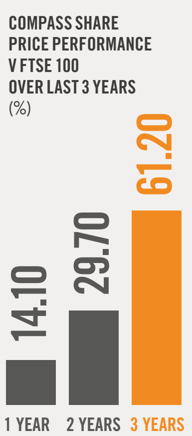


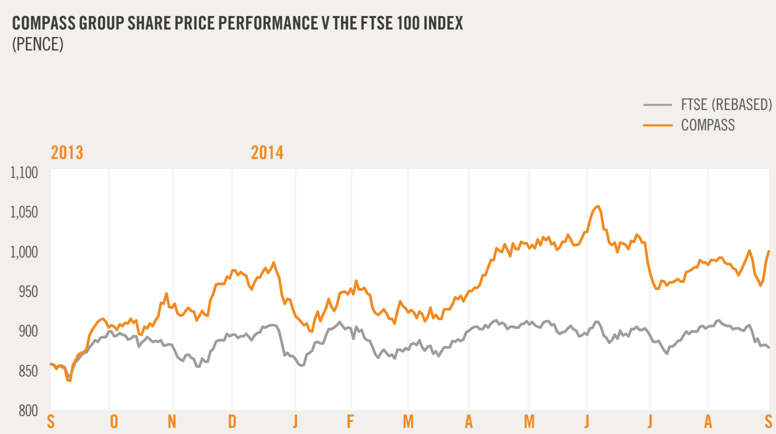
See page 33 for definitions

CREATING VALUE FOR OUR SHAREHOLDERS

Compass has had another successful year. We remain very positive about the attractive growth opportunities in our markets globally and the potential for further revenue and margin growth.

28 POSITION IN FTSE 100 INDEX AS AT 30 SEPTEMBER 2014 (2013: 30)





OUR VALUES

OPENNESS, TRUST AND INTEGRITY

PASSION FOR QUALITY

WIN THROUGH TEAMWORK

CAN DO SAFELY

RESPONSIBILITY

“Creating shareholder value is a key priority for the Group

I am very pleased to report, in my first statement as Chairman, that Compass has had another successful year with growth in constant currency revenue and operating profit. Cash flow has remained strong, continuing to underpin our commitment to shareholder value and enabling us to make a significant return of cash to shareholders during the year.

We have continued to deliver a strong performance in North America and in the Fast Growing & Emerging region, where emerging markets are growing at a double digit rate. The culture of outsourcing is strong in all our regions, but we are seeing particularly robust growth in North America, where the already strong trend is accelerating, and a structural shift to outsourcing in the emerging economies. Economic conditions in Europe & Japan have somewhat improved over the year and the investments we have made in the sales and retention teams are being reflected in an encouraging pipeline.

Our Management and Performance (MAP) framework continues to have a significant impact on driving growth and margin across the business. The focus on efficiencies within the MAP framework is ongoing and we believe that we are still only part of the way through the journey to drive further productivity in our cost base. As well as delivering further progression in the margin, the ongoing generation of efficiencies enables us to continue to invest in the growth opportunities we see around the Group.

OUR PEOPLE

The results we have achieved are a testament to our excellent people, many of whom I’ve met as I’ve visited our operations during the year. I have been particularly encouraged by the positive and consistent language that the MAP framework has created and the sharing of best practice that our global forums enable. I would like to take this opportunity, on behalf of the Board, to thank all our great people for the tremendous results they have achieved this year.

COMMITMENT TO CORPORATE RESPONSIBILITY

Corporate responsibility underpins our business, driving our decisions and enabling us to achieve our strategic goals in a responsible and sustainable way. The Board is fully committed to the integration of broader social, ethical and sustainable practices across our day to day business. Our teams around the Group work hard to continuously enhance the positive contribution that we make to local communities. We focus on the issues that are important to our business and our stakeholders, from the way we source our products to how we engage with our people and customers. Specifically, our focus includes developing our people, the health and wellbeing of our consumers, the responsible use of resources and improving the integrity of our supply chain.

We started our corporate responsibility journey in 2007 and have delivered continuous performance improvement against our published key performance indicators and targets. Details of our progress can be found on pages 40 to 45.

SHAREHOLDER RETURNS

Creating shareholder value is a key priority for the Group. Our clear and consistent strategy and our financial performance enable us to both invest in the business and to grow the dividend broadly in line with constant currency earnings. This year, the Board is proposing a final dividend of 17.7 pence for payment on 23 February 2015. This brings our total dividend for 2014 to 26.5 pence, a year on year increase of 10.5%.

As well as our commitment to a progressive dividend policy, the ongoing strength of our business and our cash flows, and our confidence in our future performance, mean we have been able to make a Return of Cash of £1 billion to shareholders accompanied by a Share Consolidation. This was completed in July of this year. The £500 million share buyback programme announced in November 2013 is ongoing and is expected to complete during 2015.

LEADERSHIP

During the year, Carol Arrowsmith joined the Board as a non-executive director. Carol was appointed Chairman of the Remuneration Committee, succeeding Sir Ian Robinson who stepped down from the role in June. Sir Ian remains the Group’s Senior Independent Non-Executive Director. Carol is also a member of the Audit, Nomination and Corporate Responsibility Committees. Carol was previously a partner at Deloitte LLP and Vice Chairman of their UK business, where for many years she led their executive remuneration practice. Carol’s experience makes her an excellent addition to our Board and I would like to welcome her to the Group.

The Board and the Group’s Executive Board, led by our Group Chief Executive Richard Cousins, have worked hard to put in place effective succession and development programmes for our strong leadership teams across our geographies. The excellent work that has been done is reflected in our continued strong results and will continue to be a focus for me in my role as Chairman.

SUMMARY AND OUTLOOK

Compass has had a good year, delivering solid organic revenue growth and a 10 basis point increase in the Group operating margin. North America and Fast Growing & Emerging, which account for two thirds of Group revenue, have grown strongly and we are encouraged by the improvement seen through the year in Europe & Japan. Looking ahead to next year, the pipeline of new contracts is healthy and we expect to see further good performances in all of our regions.

Looking to the longer term, we remain excited about the attractive structural growth opportunities in our markets globally and we believe we are well placed to capitalise on them. We also expect to deliver further cost efficiencies, which will help to support future growth and enable us to make further progress in the operating margin. As a result, we remain confident in our ability to continue to create significant value for our shareholders.

PAUL WALSH
Chairman
26 November 2014

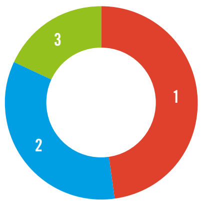
CREATING OPPORTUNITIES FOR GROWTH

We deliver great food and support services to millions of people around the world every day and we have a clear and consistent strategy in place to create value for our stakeholders. Our sustainable business model, built on organic revenue growth, operating efficiencies, competitive advantage and our people, has driven another strong performance this year.

WHAT SECTORS AND REGIONS DO WE OPERATE IN?

We have a well balanced and diversified business operating in five sectors across three regions: North America, Europe & Japan and Fast Growing & Emerging.

REGIONAL REVENUE



1. NORTH AMERICA 48%
2. EUROPE & JAPAN 34%
3. FAST GROWING & EMERGING 18%

6 8

HOW DID WE PERFORM IN 2014?

2014 has been another year of consistent performance with organic revenue growth of 4.1% and an increase in the operating margin of 10 basis points.

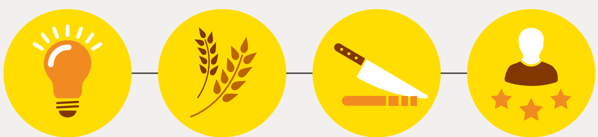
REVENUE

>£17bn

32

WHAT IS OUR BUSINESS MODEL?

We deliver sustainable value and competitive advantage by:



INNOVATING

SOURCING RESPONSIBLY

PREPARING DELICIOUS DISHES

PROVIDING GREAT SERVICE

14

WHAT IS OUR STRATEGY FOR GROWTH?

Our principal aim is to grow organically and efficiently, focusing on food and developing a targeted support services offer across our wide geographic base.

ORGANIC REVENUE GROWTH

OPERATIONAL EFFICIENCIES

16

WHAT ARE THE OPPORTUNITIES WITHIN OUR MARKETS?

The growth potential in the outsourced food and support services markets is a key driver and we see exciting opportunities across all the sectors in which we operate.

FOOD AND SUPPORT SERVICE MARKET SIZE

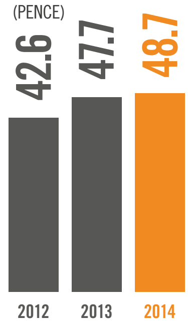
>£400bn

12

WHAT ARE OUR KEY PERFORMANCE INDICATORS?

We use a range of financial and non-financial KPIs to measure our performance, which we believe best reflect our strategic priorities.

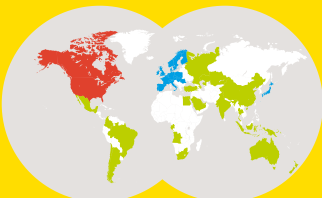
UNDERLYING BASIC EARNINGS PER SHARE
(PENCE)



12

WHAT ARE OUR RISKS AND HOW DO WE MANAGE THEM?

We take a proactive approach to recognising and mitigating risk with the aim of protecting our employees and consumers and safeguarding the interests of the Company and its shareholders.



37

HOW DO WE DEVELOP MORE SUSTAINABLE BUSINESS PRACTICES?

Adopting responsible practices across our global operations places corporate responsibility at the heart of our business. Over the past year, we have made good progress against our CR commitments.

40

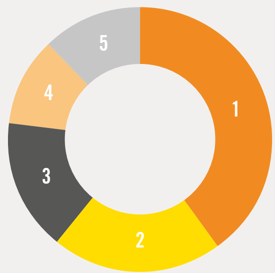
SECTORS AND SERVICES

A WELL BALANCED AND DIVERSIFIED BUSINESS

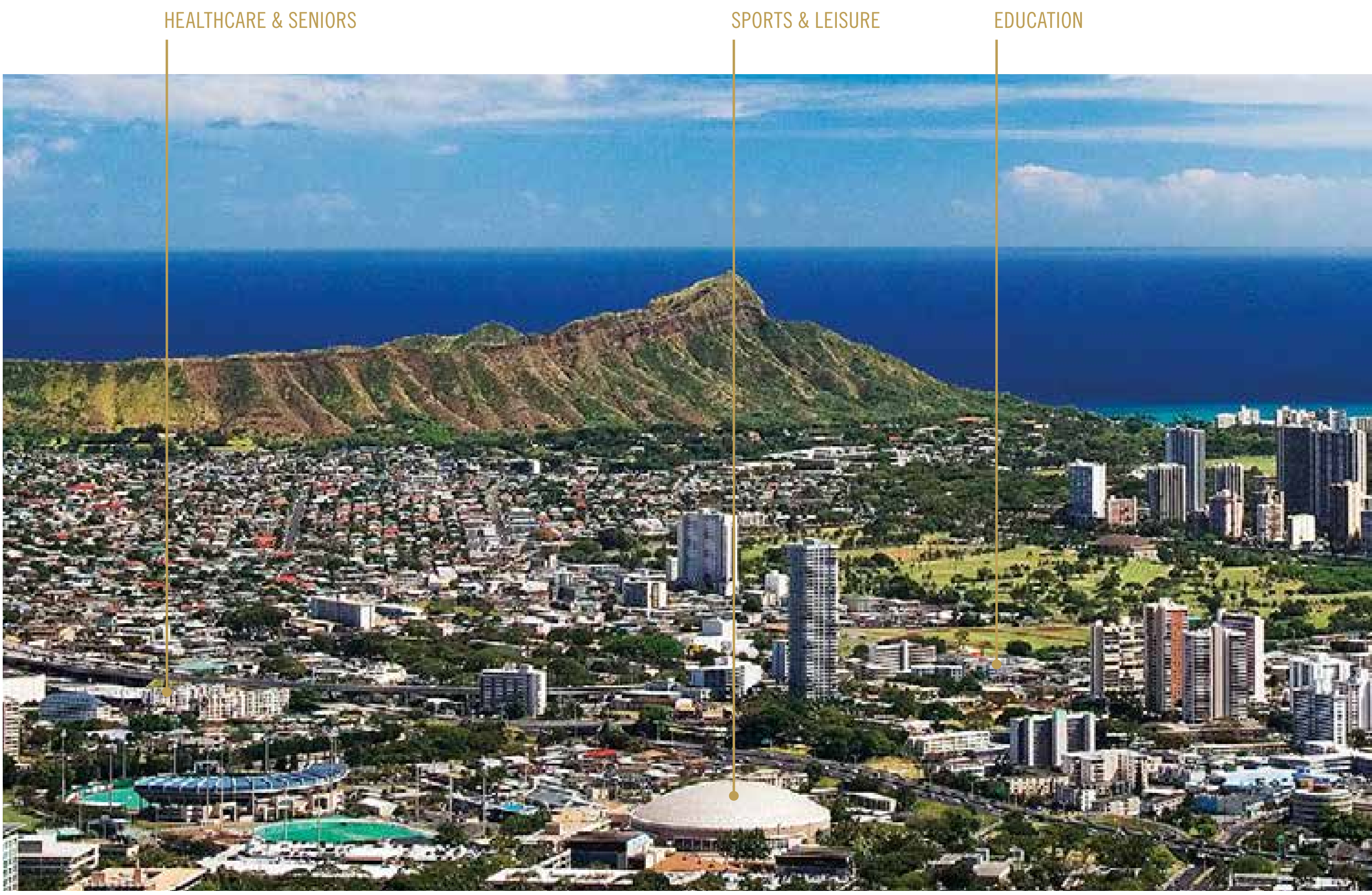
Our sectorised approach is a key differentiator. In recognition that each sector has specific requirements, we assign specialists to drive tailor made solutions and operating efficiency.

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

GROUP REVENUE
(%)



1. BUSINESS & INDUSTRY 40%
2. HEALTHCARE & SENIORS 21%
3. EDUCATION 16%
4. SPORTS & LEISURE 11%
5. DEFENCE, OFFSHORE & REMOTE 12%



BUSINESS & INDUSTRY

We provide a choice of quality, nutritious and well balanced food for employees during their working day. In addition, where clients seek broader service offerings, the Compass Service Framework enables us to deliver a range of support services to the highest standard, at the best value, on an international scale.

EDUCATION

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

DEFENCE, OFFSHORE & REMOTE

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

HEALTHCARE & SENIORS

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

SPORTS & LEISURE

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

BUSINESS & INDUSTRY

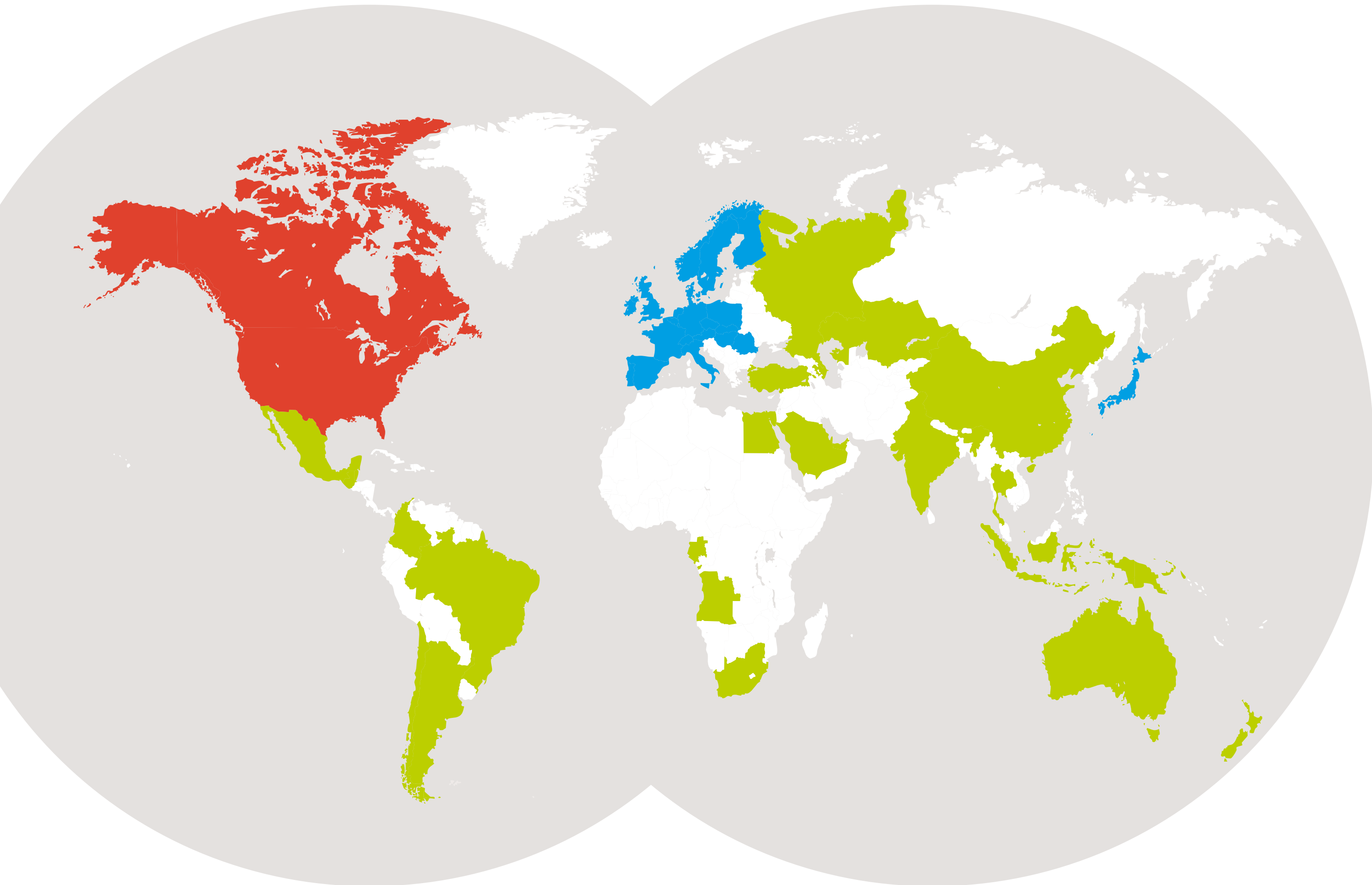
DEFENCE, OFFSHORE & REMOTE

OUR REGIONS

A BROAD GEOGRAPHIC FOOTPRINT

The Group's management structure brings an incisive focus to the differing opportunities and challenges in each geographic region.

With around 90% of revenue generated outside the UK, Compass is a truly international business with operations in over 50 countries. The business is managed in three regions, with each comprising countries that are at similar stages of development and display similar market dynamics.



NORTH AMERICA

North America is the core growth engine for the Group. We have a market leading business there, which delivers excellent levels of growth and steady margin expansion. Having first established the business in 1994, we are now the 11th largest private sector employer in the USA and serve around six million meals a day.

Find out more on page 20

REVENUE
(2013: £8,150M)
£8,199m

% OF GROUP REVENUE
(2013: 47%)
48%

UNDERLYING OPERATING PROFIT
(2013: £657M)
£666m

EUROPE & JAPAN

Despite difficult economic conditions in Europe, our teams there are doing an excellent job in mitigating the impact and we see good medium term growth opportunities across the region. We continue to see steady progress in our business in Japan.

Find out more on page 24

REVENUE
(2013: £6,039M)
£5,716m

% OF GROUP REVENUE
(2013: 34%)
34%

UNDERLYING OPERATING PROFIT
(2013: £420M)
£409m

FAST GROWING & EMERGING

The Fast Growing & Emerging region offers excellent growth potential and is likely to become a larger part of the Group as we expand our presence in these markets. Revenue has doubled and profits quadrupled since 2006 and we are making significant investment in management and infrastructure to support our growth.

Find out more on page 28

REVENUE
(2013: £3,368M)
£3,143m

% OF GROUP REVENUE
(2013: 19%)
18%

UNDERLYING OPERATING PROFIT
(2013: £242M)
£226m

DISCIPLINED GROWTH DELIVERING SHAREHOLDER VALUE

Compass has had another good year, with strong growth in North America and Fast Growing & Emerging and further improvement in Europe & Japan.

Revenue for the Group increased by 4.1% on a constant currency basis in the year to 30 September 2014. Adjusting for the impact of acquisitions and disposals, organic revenue growth for the period remained strong at 4.1%. However, due to the significant strengthening of sterling against many of the Group's key currencies, reported Group revenue declined by 2.8%.

During the year, we delivered new business growth of 8.5%, driven by strong performances in MAP 1 (client sales and marketing) in North America and Fast Growing & Emerging and an improving performance in Europe & Japan. Our retention rate also remained high at 93.5%, despite the effect of our planned exit of certain uneconomic contracts in Europe and some site closures associated with the slowdown in the Australian resources sector.

Like for like revenue growth of 2.1% reflects modest price increases and slightly positive like for like volume. Like for like volume continues to be broadly flat in North America and positive in Fast Growing & Emerging. In Europe & Japan, like for like volume, although still negative overall, has shown an improving trend over the period. We have retained our focus on increasing consumer participation and spend through MAP 2 (consumer sales and marketing) initiatives, developing innovative and exciting consumer propositions, and improving our people's retailing skills.

Underlying operating profit increased by 5.9% in the year on a constant currency basis, with the underlying operating profit margin increasing by 10 basis points to 7.2%. We have continued to drive efficiencies across the business using our management and performance framework, MAP. We have maintained our focus on MAP 3 (cost of food) initiatives such as menu planning and supplier rationalisation, as well as MAP 4 (labour and in unit costs) and MAP 5 (above unit costs). As well as enabling us to deliver further operating margin improvement, these efficiencies are helping us to invest to support the exciting growth opportunities we see around the world and mitigate negative volumes in parts of Europe.

STRATEGY

FOCUS ON FOOD

Food remains our core business. The structural opportunity in the outsourced food service market, estimated at more than £200 billion, is a key growth driver. With only around 50% of the market currently outsourced, it represents a significant opportunity. We believe the benefits of outsourcing will become ever more apparent as economic conditions and regulatory changes put increasing pressure on organisations' budgets. As one of the largest providers in all of our sectors, we are well placed to benefit from these trends.

GROWING SUPPORT SERVICES

Support services are also an important part of our business and we continue to win new contracts and expand the range of services we supply to our existing clients. Our largest sector in this market is Defence, Offshore & Remote, where the model is almost universally food combined with support service. Outside this, we have an excellent support service business in North America and some well established operations in other parts of the world. This is a complex market and there are significant differences in client buying behaviour across countries, sectors and sub sectors. Our approach is therefore low risk and incremental, with strategies developed on a country by country basis to address the local and international opportunity.

GEOGRAPHIC SPREAD AND EMERGING MARKETS

Our geographic strategy remains unchanged. Over the last ten years the Group has evolved significantly from a predominantly European based business with just over £11 billion of revenue to the £17 billion global business today. During this time we have halved the number of countries in which we operate.

We expect North America (48% of Group revenue) to remain the principal growth engine for the Group. We have a market leading business with excellent management teams delivering high levels of growth and steady margin expansion. The outsourcing culture is vibrant and the addressable market is significant.

The fundamentals of our businesses in Europe & Japan (34% of Group revenue) are good and we see many opportunities to drive growth in revenue and margin. The actions we have taken to reduce cost and make our operations more competitive are enabling us to increase investment in MAP 1 sales and retention. This, combined with better economic conditions, is delivering an improving trend in organic revenue.

Fast Growing & Emerging (18% of Group revenue) is an exciting part of our business. We have a strong presence in key markets such as Brazil and Turkey, and we are growing rapidly in India and China. With the potential they offer, we are investing in opportunities and we would hope to see high levels of growth maintained well into the future.

Our future looks balanced. Our business in North America is in great shape and growing strongly, and we are seeing a clear acceleration in the emerging markets. The trends in our European business are improving.

ORGANIC GROWTH, SUPPLEMENTED BY INFILL ACQUISITIONS

Sustainable and quality organic growth is our key priority but we continue to seek infill acquisitions where they deliver value to the business. Our focus is on small to medium sized infill acquisitions in food and support services in our existing geographies, bringing on board quality businesses and strong management teams. We continue to target financial returns ahead of our cost of capital by the end of the second year.

ONGOING DRIVE FOR EFFICIENCIES

We believe that we are only part of the way through the journey to drive further productivity in our cost of food (MAP 3) and our in unit costs (MAP 4), as well as being able to leverage the overhead base by controlling our above unit costs (MAP 5). The ongoing generation of efficiencies enables us to invest in the business and helps underpin our expectation of further margin progression.

USES OF CASH AND BALANCE SHEET PRIORITIES

The Group's cash flow generation remains strong and it will continue to be a key part of the business model. Going forward, our priorities for how we use our cash are the same: (i) we will continue to invest in capital expenditure to support organic growth where we see good returns; (ii) we remain committed to growing the dividend broadly in line with constant currency earnings; (iii) we look to make small to medium sized infill acquisitions. After making these investments, we will maintain an efficient balance sheet through returns to shareholders whilst continuing to target strong investment grade credit ratings.

SUMMARY AND OUTLOOK

Compass has had a good year, delivering solid organic revenue growth and a 10 basis point increase in the Group operating margin. North America and Fast Growing & Emerging, which account for two thirds of Group revenue, have grown strongly and we are encouraged by the improvement seen through the year in Europe & Japan. Looking ahead to next year, the pipeline of new contracts is healthy and we expect to see further good performances in all of our regions.

Looking to the longer term, we remain excited about the attractive structural growth opportunities in our markets globally and we believe we are well placed to capitalise on them. We also expect to deliver further cost efficiencies, which will help to support future growth and enable us to make further progress in the operating margin. As a result, we remain confident in our ability to continue to create significant value for our shareholders.

RICHARD COUSINS
Group Chief Executive
26 November 2014

MARKET PERSPECTIVE

OPPORTUNITIES FOR GROWTH THROUGH STRONG POSITIONS IN ATTRACTIVE MARKETS

The outsourcing proposition remains compelling and we are seeing an acceleration in the trend to outsourcing in many of our markets. The structural growth opportunities that this presents are exciting.

Compass operates in over 50 countries; countries where we can build scale and where the structural growth opportunities are attractive. We deliver services in five sectors: Business & Industry, Healthcare & Seniors, Education, Defence, Offshore & Remote and Sports & Leisure.

We operate in the food and support services markets, which have an estimated combined market value of over £400 billion. These markets are highly fragmented and underpenetrated, with the global food service market estimated to be less than 50% outsourced. Outsourcing rates in some sectors, such as Healthcare & Seniors and Education, are significantly lower. Business & Industry, whilst more penetrated at around 80%, still offers excellent growth potential as new businesses are created, the trend to outsourcing is already vibrant and the market large and highly fragmented.

The large international operators make up a small proportion of the total market, less than 20%, meaning that around 80% is either self operated or operated by small, local providers. We see this as a significant opportunity.

As a large organisation, we are able to benefit from our scale, sharing best practice from around the world in areas such as HSE, health and wellness, and consumer offers. It also enables us to optimise our purchasing, overheads and logistics and we are therefore able to offer excellent quality at a lower cost for our clients. The combination of enabling an organisation's management to focus on its core business and respond to the growing pressure on budgets has resulted in an acceleration in the trend to outsourcing.

Our international presence also enables us to establish partnerships with blue chip multinational institutions as they look for consistency of service across their operations and can trust in our reputation for first class delivery and responsible corporate practices. We have a growing presence in the emerging markets where we began by partnering with these large multinational organisations and are now increasingly serving local businesses as well. Our focus on health and safety has been an attractive element of our service in these markets and around the world.

OUTSOURCING PENETRATION RATES FOR ADDRESSABLE FOOD AND SUPPORT SERVICES MARKETS

1. OUTSOURCED 2. SELF OPERATED

FOOD AND SUPPORT SERVICES MARKET SIZE

>£400bn

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

DELIVERING VALUE

We provide food and support services to millions of people around the world. Delivering value to our customers, employees, our suppliers and ultimately to our shareholders is our priority.

We do this by putting innovation at the forefront of everything we do, by sourcing the best ingredients responsibly and by making health and safety a way of life, giving our customers confidence in the hygiene and provenance of their food and the safety of our working practices. We aim to make a positive difference to the communities and environments in which we operate, acting responsibly to deliver sustainable results.

Our people are at the heart of everything we do, delivering world class service to our customers and working tirelessly to achieve our goals.

INNOVATE

Innovation is integral to our business. We are constantly striving to improve what we do, from more efficient ways of sourcing to maintaining and enhancing best practice standards, delivering innovative solutions to our clients.

BENEFITS TO STAKEHOLDERS

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

SOURCE

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

BENEFITS TO STAKEHOLDERS

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

PREPARE

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

BENEFITS TO STAKEHOLDERS

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

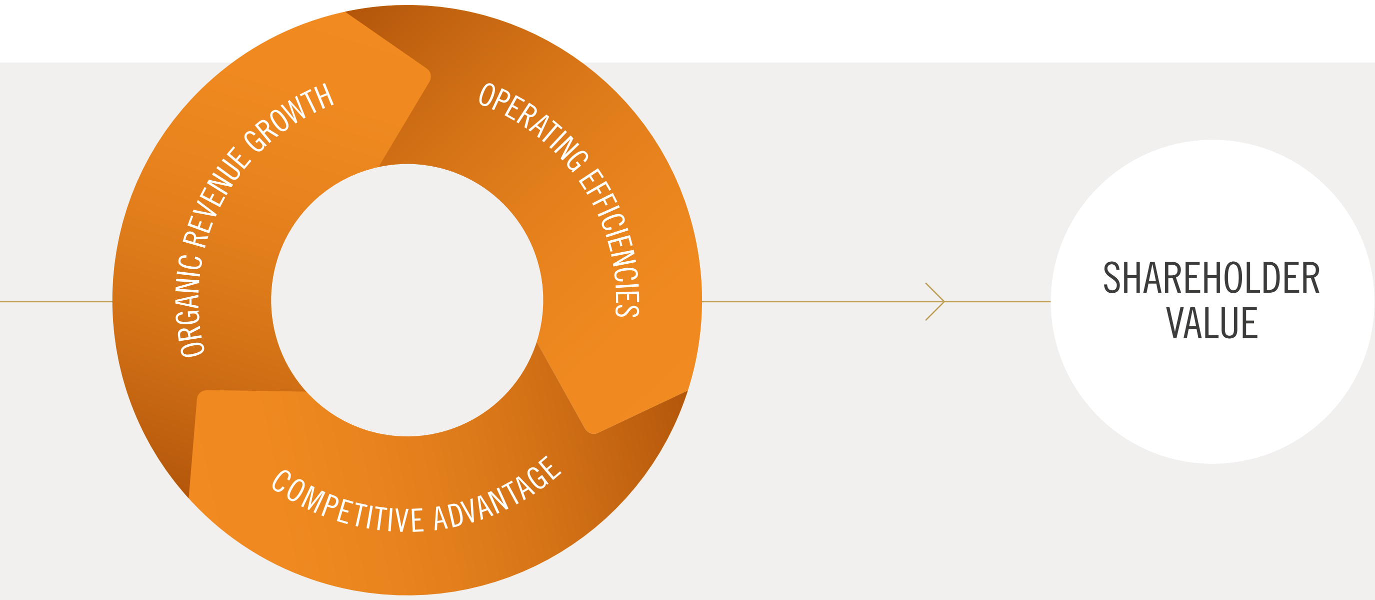
PROVIDE

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

BENEFITS TO STAKEHOLDERS

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

By doing all of this in the most efficient way we ensure that we remain competitive which, in turn, underpins our core strategic goals to grow our business organically and to generate efficiencies.



ORGANIC REVENUE GROWTH

Organic revenue is the foundation of our strategy to deliver sustainable growth. It is generated from winning new contracts, retaining existing clients and increasing consumer participation and spend in our restaurants. As the trend to outsourcing accelerates around the world, we see exciting opportunities for growth in all our regions and sectors.

OPERATING EFFICIENCIES

Our success relies on us delivering the highest standards of quality and performance, whilst constantly striving to be the most efficient provider. The drive for efficiencies has become an embedded part of our culture. As well as delivering good levels of margin improvement, it enables us to reinvest in the exciting growth opportunities around the Group.

COMPETITIVE ADVANTAGE

Achieving our goal of being the lowest cost, most efficient provider of quality food and support services underpins our competitiveness and accelerates our growth in the global marketplace. The increase in organic revenue growth and efficiencies means we can invest in the business to support future performance, therefore completing the virtuous circle.

A STRATEGY TO DELIVER DISCIPLINED GROWTH AND OPERATING EFFICIENCIES

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

FOCUS ON FOOD

Food is our core business and from where we derive three quarters of our annual revenue. Our teams of award winning chefs, nutritional and health and safety experts allow our clients to focus on their own business needs by outsourcing this responsibility to us, and our size and experience allow us to help them save money.

PROOF POINTS

We estimate that the global food service market is around £200 billion, around 80% of which is either self operated or in the hands of small regional providers, presenting a significant structural growth opportunity (see page 12).

HOW ARE WE DRIVING ORGANIC GROWTH?

MAP 1: CLIENT SALES AND MARKETING

We have increased our investment in sales and retention teams across our geographies. In North America we have delivered exceptionally strong net new business and in the emerging markets we have been able to harness the structural shift to outsourcing, growing significantly against a backdrop of tough economic conditions. In Europe & Japan we are driving an improved organic performance through this increased MAP 1 focus with a pipeline of new business which gives us increased confidence in the future.

MAP 2: CONSUMER SALES AND MARKETING

A contributor to organic revenue growth is like for like volume which is heavily influenced by the number of people at a client's site. This reflects macroeconomic conditions and, in particular, employment levels. Whilst we continue to see economic conditions in some of our markets impact volumes, we are making good progress with intelligent marketing programmes and training schemes as we work hard to attract and satisfy our customer base with strong consumer propositions.

GROWING SUPPORT SERVICES

We also provide a range of soft support services such as cleaning, reception and some building maintenance. Our strategy differs by country and by sector where attitudes to support services vary significantly. We are therefore increasing our capabilities in an incremental and low risk way on a country by country basis.

PROOF POINTS

We are a leading provider of support services in the Defence, Offshore & Remote sector where we continue to enjoy excellent rates of growth. We also see exciting opportunities in Healthcare & Seniors, Business & Industry and Education.

GEOGRAPHIC SPREAD, FAST GROWING AND EMERGING MARKETS

Our international presence in over 50 countries gives us a good geographical mix and diversifies our revenue sources. It allows us to serve multinational businesses, ensuring consistency of quality, service and standards across their organisations. In the last 10 years, we have significantly grown our presence in those fast growing and emerging markets where we see sustainable growth opportunities.

PROOF POINTS

Our revenue in the Fast Growing & Emerging region continues to deliver growth above the Group average with the emerging markets growing at a double digit rate in 2014.

ORGANIC GROWTH, SUPPLEMENTED BY INFILL ACQUISITIONS

The main engine of growth is organic and we are investing in the business to capture future growth opportunities. Organic revenue is supplemented with small to medium sized infill acquisitions in food or support services where they add either capability or scale in our existing markets. We take a disciplined approach to our acquisition strategy based on the returns we expect to deliver.

PROOF POINTS

We have a strong track record of exceeding our acquisition financial criteria, with returns above our cost of capital by the end of the second year of ownership.

ONGOING DRIVE FOR EFFICIENCIES

We generate savings through adopting a systematic approach to our supply chain and better managing our labour and above unit overheads. These efficiencies enable us to grow the margin and to reinvest in the significant growth opportunities around the Group. In addition, the strong cash flow this generates supports our progressive dividend policy and the significant shareholder value we expect to continue to deliver.

PROOF POINTS

Since our MAP framework was introduced in 2006, we have increased the Group margin by 250 basis points.

HOW ARE WE GENERATING EFFICIENCIES?

MAP 3: COST OF FOOD

Food makes up around one third of our costs. In addition to the benefits of our purchasing scale, we are able to manage the cost of food by careful menu management and through rationalising the number of products we buy and the suppliers we buy from.

MAP 4: IN UNIT COSTS

In unit costs are made up predominantly of labour. We focus on getting the right people in the right place at the right time. By using labour scheduling techniques and improving productivity, we are able to deliver the right level of service in the most efficient way.

MAP 5: ABOVE UNIT OVERHEADS

Having reduced costs considerably when MAP was first introduced by creating a simpler organisational model with fewer layers of management and less bureaucracy, we now strive to leverage those gains by maintaining costs at a constant level whilst still growing revenue.

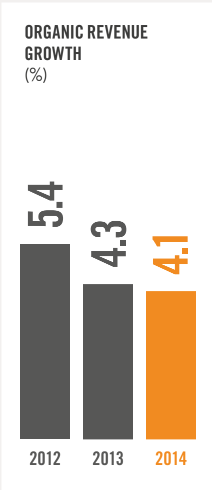
We track our performance against a mix of financial and non-financial measures, which we believe best reflect our strategic priorities of growth, efficiency and shareholder returns underpinned by safe and responsible working practices.

KPI METRICS

Our strategic priorities are driven by our goal to deliver shareholder value. We use a number of financial KPIs to measure our progress including earnings per share. Growing the business and driving ongoing efficiencies are integral to our strategy. Our organic revenue performance embodies our success in growing and retaining our customer base as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation. The operating profit margin is an important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.

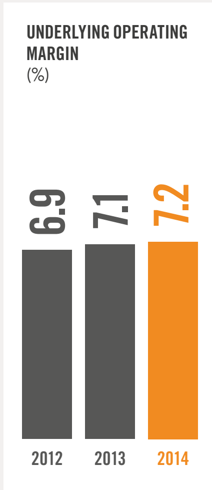
ORGANIC REVENUE GROWTH

Organic revenue growth compares the revenue delivered from continuing operations in the current year with that from the prior year, adjusting for the impact of acquisitions, disposals and exchange rate movements.



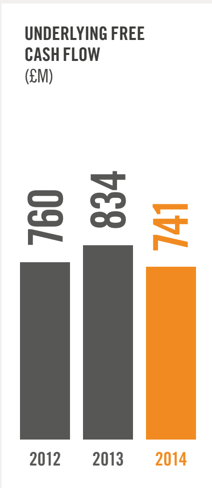
UNDERLYING OPERATING MARGIN

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



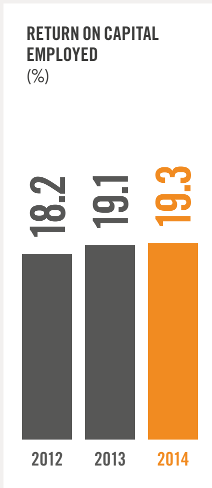
UNDERLYING FREE CASH FLOW

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



RETURN ON CAPITAL EMPLOYED

Return on capital employed divides the net operating profit after tax (NOPAT) by the 12 month average capital employed (CE). NOPAT is calculated as underlying operating profit from continuing operations less operating profit of non-controlling interests, net of income tax at the underlying rate of the year. CE is calculated as net assets, plus net debt, post-employment benefit obligations net of deferred tax, impaired goodwill, amortised goodwill and intangibles arising on acquisition, and less net assets of non-controlling interests and discontinued operations.

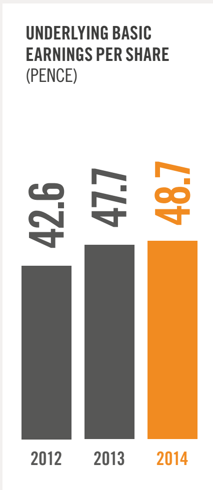


Free cash flow measures the success of the Group in turning profit into cash through the careful management of working capital and capital expenditure. Maintaining a high level of cash generation is important as it supports our progressive dividend policy, while the return on capital employed demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or infill acquisitions.

The importance of safety in everything we do is demonstrated by three non-financial performance indicators that we use across our global business. The Food Safety Incident Rate is key in helping us to measure our food safety performance, and we use a universally recognised indicator to measure our performance in delivering safe working practices, the Lost Time Injury Rate. Since 2008, we have been focused on our carbon emissions to increase efficiency and we measure greenhouse gas emissions to assess our progress.

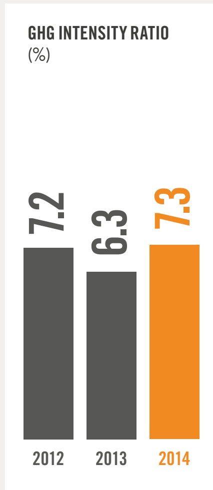
UNDERLYING BASIC EARNINGS PER SHARE

Underlying basic earnings per share divides the underlying attributable profit from continuing operations by the weighted average number of shares in issue during the year.



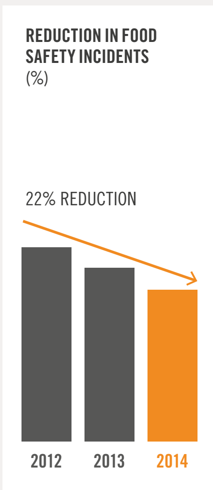
ENVIRONMENT – GHG INTENSITY RATIO

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



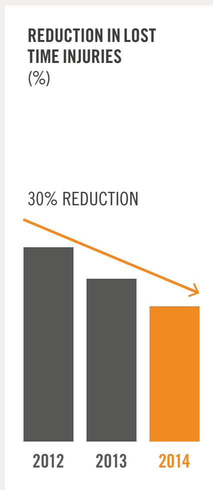
FOOD SAFETY – FOOD SAFETY INCIDENT PERFORMANCE

Cases of substantiated food safety incidents, including food borne illnesses.



HEALTH AND SAFETY – LOST TIME INJURY PERFORMANCE

Cases where one of our colleagues is away from work for one or more shifts as a result of a work related injury or illness.



REGIONAL REVIEW

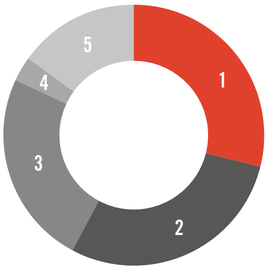
NORTH AMERICA

GROUP REVENUE

48%

REVENUE BY SECTOR

1. BUSINESS & INDUSTRY 29%
2. HEALTHCARE & SENIORS 29%
3. EDUCATION 24%
4. DEFENCE, OFFSHORE & REMOTE 3%
5. SPORTS & LEISURE 15%



REVENUE

£8,199m

ORGANIC REVENUE GROWTH

+6.8%

UNDERLYING OPERATING PROFIT

£666m

UNDERLYING OPERATING MARGIN

8.1%

OPERATING PERFORMANCE	2014	2013
Revenue (£m)	**8,199**	8,150
Underlying operating profit (£m)	**666**	657
Underlying operating margin	**8.1%**	8.1%
Region as % of Group revenue	**48%**	47%

We have had another excellent year in our North American business. Overall revenue of £8.2 billion (2013: £8.2 billion) and organic revenue growth of 6.8% have been driven by strong new business wins and excellent retention rates. Like for like volume has remained broadly flat.

Operating profit increased by £49 million on a constant currency basis to £666 million (2013: £617 million). Continued progress on efficiencies and leveraging of the overhead base have, in part, been reinvested in the business to support the high levels of organic growth. Operating profit grew 8% and margin improved by 5 basis points.

In the Business & Industry sector we have delivered good levels of net new business. New wins include contracts with Amazon.com, T-Mobile and SAP as well as the provision of support services to United Technologies. Like for like volume has remained broadly flat in this sector.

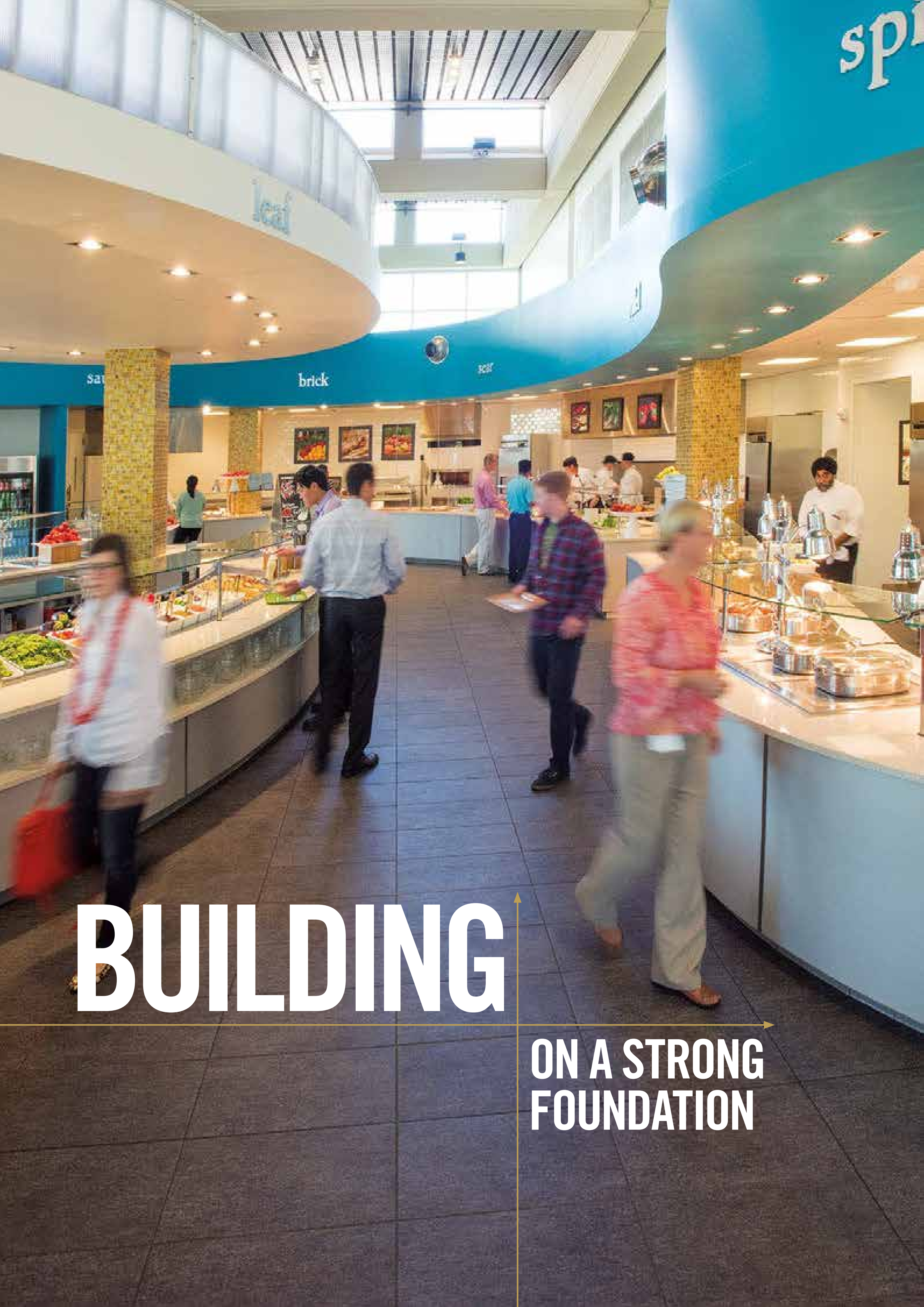
Organic revenue growth in the Healthcare & Seniors sector was solid with good levels of new business wins. In the food service business we have won new contracts with the Parkland Health & Hospital System and Baptist Housing senior living in Canada. New support service contracts include NYC Health & Hospital and the CJW Medical Centre.

Good organic revenue growth in the Education sector was driven by increased participation and strong new business wins, including food contracts with McGill University in Canada, Rowan University and the Rochester City Schools District. New support service contracts include the Sacred Heart University as well as the provision of additional services to Texas A&M.

Our Sports & Leisure business has delivered double digit organic revenue growth through good net new business and high attendance levels at sporting events. New contract wins include the NHL's Phoenix Coyotes, the Columbus Clippers based at Huntington Field and Texas A&M Athletics.

The ESS business, which provides food and support services in Alaska, Canada and the Gulf of Mexico, delivered solid organic revenue growth.

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



BUILDING

ON A STRONG FOUNDATION

NORTH AMERICA

BUILDING ON A STRONG FOUNDATION

The outsourcing culture in North America is vibrant and we have market leading positions across all sectors.

North America remains our core growth engine. Revenue has grown from $6 billion in 2004 to $14 billion in 2014, with an average organic revenue growth rate of over 6% per year, and our margin is now over 8%. In addition to organic growth, we've acquired a range of businesses to expand our capability in certain regions and services.

Our business is large and well diversified, and we see exciting structural growth opportunities. The outsourcing environment is healthy and, with less than 60% of the estimated $72 billion food service market currently outsourced, there is significant potential for further progress.

We have an excellent pipeline of contracts across all sectors. Importantly, our largest sector, Business & Industry, continues to deliver strong growth and the number of new businesses being created underpins our confidence in the future. For example, in the technology sector and the wider Silicon Valley area, we have more than doubled the number of clients we serve there over the last 10 years and now feed around 90,000 people across 200 sites each day. Food is core to their working environment and the quality of what we provide is exceptional.

The growth of the business is underpinned by the successful sales and retention processes we have in place, such as the Strategic Alliance Group. This best practice retention model, originally developed in the US and now widely used across the Group, is a semi-independent team that takes a pre-emptive approach to retaining contracts by engaging with clients early and proactively renegotiating contracts. In North America, it has resulted in a retention rate above the Group average in 2014. We will continue to embed these processes further into the business globally, helping us to unlock more growth opportunities.

6m

We serve six million meals a day across the US

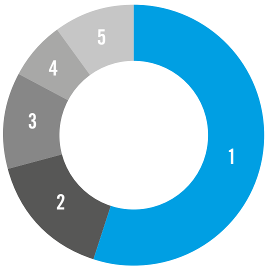
EUROPE & JAPAN

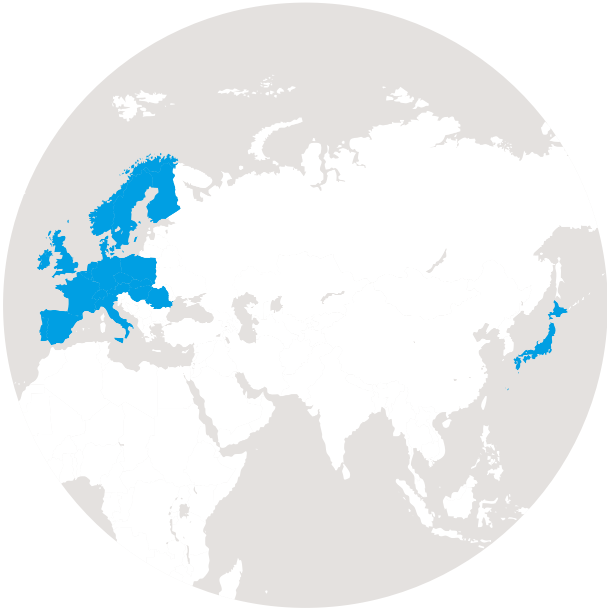
GROUP REVENUE

34%

REVENUE BY SECTOR

1. BUSINESS & INDUSTRY 55%
2. HEALTHCARE & SENIORS 16%
3. EDUCATION 12%
4. DEFENCE, OFFSHORE & REMOTE 7%
5. SPORTS & LEISURE 10%





REVENUE

£5,716m

ORGANIC REVENUE GROWTH

(1.5)%

UNDERLYING OPERATING PROFIT

£409m

UNDERLYING OPERATING MARGIN

7.2%

OPERATING PERFORMANCE	2014	2013
Revenue (£m)	**5,716**	6,039
Underlying operating profit (£m)	**409**	420
Underlying operating margin	**7.2%**	7.0%
Region as % of Group revenue	**34%**	34%

Over the year, we saw steady improvement in the economic conditions of certain markets in the region, although trading conditions in others remain difficult. Overall, revenue in Europe & Japan totalled £5.7 billion (2013: £6.0 billion), an organic decline of 1.5%, half the rate of the previous year.

The investment in, and focus on, MAP 1 sales and retention processes are starting to deliver, with good levels of new business seen in the UK, Spain and across the Nordics. The exit of certain uneconomic contracts is now complete and has, as expected, impacted our retention rate during the year. We have won contracts with the Ville de Cannes and the Philharmonie de Paris and retained contracts with Chelsea Football Club and Somerset House in the UK, ENI Group in Italy, Lundbeck in Denmark and The International School of Luxembourg.

The rate of like for like volume decline has slowed compared to 2013 and the decline in organic revenue is now around half the level seen last year at 1.5%. We have seen differing trends across the region. In North and East Europe, like for like volume is broadly unchanged whereas in the UK, Germany, the Netherlands and across Southern Europe although volumes remain negative, the trends are improving. We have seen some increased pressure on like for like volume in France and Italy through the year, whilst trends in Japan remain unchanged.

Progress on operational efficiencies and cost reduction increased constant currency operating profit by £5 million, or 1.2%, to £409 million (2013: £404 million). This equates to 20 basis points of operating margin progression to 7.2%.

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

FRESH THINKING

TAILORING OUR MENUS FOR MEDICAL DIETARY NEEDS

EUROPE & JAPAN

WORKING WITH CLIENTS TO ENSURE CONSISTENT DELIVERY

The food service market in Europe & Japan is large and underpenetrated. The ongoing need for organisations to reduce their costs underpins the outsourcing proposition.

The fundamentals of our businesses in Europe & Japan are good. Lower costs, an improved offer and more effective sales and retention processes are making us more competitive, building a better business on the solid foundations already in place. This increased focus on MAP 1, client sales and marketing, is starting to deliver with high levels of new business, particularly in the UK, Spain and the Nordic region, and improving underlying retention.

We still see many opportunities to drive growth in revenue and margin. The potential food service market is estimated at approximately £100 billion and is currently less than 50% outsourced. In some sectors, such as Healthcare & Seniors and Education, it is estimated to be less than 35% outsourced.

The ongoing need for organisations to take out costs is a keystone of the outsourcing model and we therefore see significant structural growth potential. With a lower cost base and increased investment in sales and retention, we hope to be able to unlock more outsourcing opportunities.

Our success relies on us delivering the highest standards of quality and performance, whilst constantly striving to be the most efficient provider. By adopting a more systematic approach to our supply chain and better managing our labour and above unit overheads, we're able to reinvest savings in the Group to drive organic revenue growth.

<50%

Proportion of food service market currently outsourced

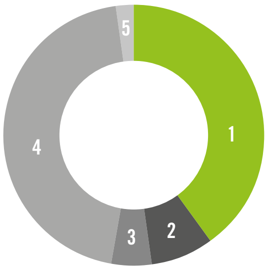
FAST GROWING & EMERGING

GROUP REVENUE

18%

REVENUE BY SECTOR

1. BUSINESS & INDUSTRY 40%
2. HEALTHCARE & SENIORS 8%
3. EDUCATION 5%
4. DEFENCE, OFFSHORE & REMOTE 45%
5. SPORTS & LEISURE 2%



REVENUE

£3,143m

ORGANIC REVENUE GROWTH

+8.1%

UNDERLYING OPERATING PROFIT

£226m

UNDERLYING OPERATING MARGIN

7.2%

OPERATING PERFORMANCE	2014	2013
Revenue (£m)	**3,143**	3,368
Underlying operating profit (£m)	**226**	242
Underlying operating margin	**7.2%**	7.2%
Region as % of Group revenue	**18%**	19%

We delivered good organic revenue growth throughout the year despite softening volumes in some markets. Accelerated growth in the emerging markets, with strong levels of new business, was somewhat moderated by the slowdown in the Australian offshore and remote sector. Therefore, the region as a whole delivered organic revenue growth of 8.1% with revenue of £3.1 billion (2013: £3.4 billion).

Overall, operating profit increased by £16 million on a constant currency basis to £226 million (2013: £210 million). As a result of our continued investment to support the many growth opportunities in this region, operating margin at 7.2% was flat versus last year.

In line with expectations, Australia delivered flat organic revenue growth due to the slowdown in the offshore and remote sector. However, Education and Healthcare continue to see good levels of new business with contract wins including a contract with Children's Health Queensland to provide services at the Lady Cilento Children's Hospital.

In Brazil, new business wins remain excellent across all sectors, including food service contracts with Usiminas and Vale, and the pipeline remains encouraging. Moderate pressure on volumes is being compensated by improved retention and an increase in first time outsourcing, and as a result, overall organic revenue growth is strong. With continued focus on cost efficiencies the business is in an excellent position to drive future growth. Elsewhere in LATAM we are also seeing good organic growth partly driven by several large new offshore and remote site contracts, including Bechtel in Chile.

Strong organic revenue growth in Turkey was driven by new business wins and like for like revenue growth. New contracts include the food service provision for Aksa, a food and support service contract with BP as well as the retention of Phillip Morris International and Bosch.

Elsewhere in the region we have further developed our relationship with Chevron and have agreed a new international agreement, retaining our Angolan business. We have also won a large contract in South Africa to provide food to Netcare, a chain of 52 hospitals.

India and China have again delivered good double digit growth, driven by strong new business wins. We have won food service contracts with Intel and Capgemini in India and with Lenovo and Tencent in China, as well as several international schools including the International School of Beijing.

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

MAINTAINING HIGH STANDARDS

IN DEMANDING ENVIRONMENTS

FAST GROWING & EMERGING

MAINTAINING HIGH STANDARDS IN DEMANDING ENVIRONMENTS

Health and safety is our number one operational priority and a clear differentiator for our business.

We remain committed to maintaining the highest standards across the Group.

Over the coming decades, fast growing and emerging economies are expected to see a significant increase in their working populations, income per capita and discretionary spend. Our exposure to these markets has almost trebled over the last decade and they now represent 18% of Group revenue. We have a strong presence in key markets such as Brazil and Turkey, and we are growing rapidly in India and China.

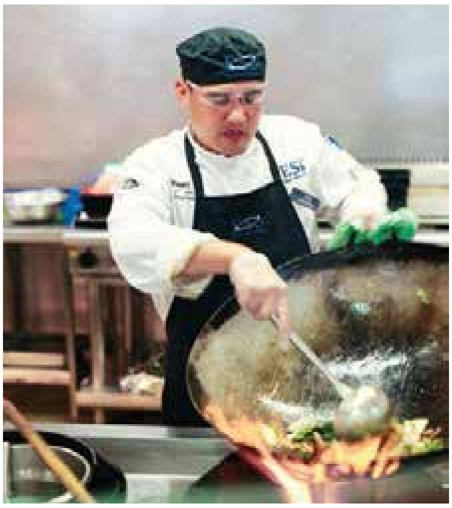
With over 70% of the market currently estimated to be self operated, the structural dynamics are attractive and we're seeing an accelerating trend to outsourcing. As this continues, we would hope to see high levels of growth maintained well into the future. In order to maximise these opportunities, we're investing in management and systems with a clear focus on quality, sustainable growth.

Given the demanding environments in which we operate in parts of this region, maintaining the highest standards of health and safety is non-negotiable and a clear differentiator for our business. A strong safety culture is important to our clients and is critical to the wellbeing of our colleagues and consumers. We operate a global Health, Safety and Environmental (HSE) Management System supported by policies, standards and metrics. This system underpins consistent operating standards across all of the diverse markets in which we operate. The Corporate Responsibility Committee of the Board reviews the HSE policies annually, supported by our global HSE forum, which brings together technical specialists from around the Group.

The forum is responsible for defining policies, setting standards, measuring compliance and sharing best practice. As a result of our dedicated focus on health and safety, our global Lost Time Injury Rate has improved by 51% compared to the 2008 baseline.

31%

We have seen continuous improvement in Health & Safety performance in this region, resulting in a 31% reduction in lost time injuries during the last 12 months



BUSINESS REVIEW

2014 has been another year of consistent performance with organic revenue growth of over 4% and a 10 basis points increase in the operating margin.

FINANCIAL SUMMARY

	2014	2013	Increase/ (Decrease)
CONTINUING OPERATIONS			
Revenue			
Constant currency	**£17,058m**	£16,380m	4.1%
Reported	**£17,058m**	£17,557m	(2.8)%
Organic growth	**4.1%**	4.3%	
Total operating profit			
Constant currency	**£1,245m**	£1,176m	5.9%
Underlying	**£1,245m**	£1,265m	(1.6)%
Reported	**£1,217m**	£802m	51.7%
Operating margin			
Constant currency	**7.2%**	7.1%	+10bps
Underlying	**7.2%**	7.1%	+10bps
Reported	**7.1%**	4.5%	+260bps
Profit before tax			
Underlying	**£1,159m**	£1,188m	(2.4)%
Reported	**£1,147m**	£721m	59.1%
Basic earnings per share			
Constant currency	**48.7p**	44.1p	10.5%
Underlying	**48.7p**	47.7p	2.1%
Reported	**48.8p**	23.3p	109.4%
Free cash flow			
Constant currency	**£741m**	£767m	(3.4)%
Underlying	**£741m**	£834m	(11.1)%
Reported	**£683m**	£762m	(10.4)%
TOTAL GROUP INCLUDING DISCONTINUED OPERATIONS			
Basic earnings per share	**49.0p**	23.5p	108.5%
Full year dividend per ordinary share	**26.5p**	24.0p	10.5%

SEGMENTAL PERFORMANCE

	Revenue		Revenue growth		
	2014 £m	2013 £m	Reported	Constant currency	Organic
CONTINUING OPERATIONS					
North America	**8,199**	8,150	0.6%	7.2%	6.8%
Europe & Japan	**5,716**	6,039	(5.3)%	(1.6)%	(1.5)%
Fast Growing & Emerging	**3,143**	3,368	(6.7)%	7.5%	8.1%
Total	**17,058**	17,557	(2.8)%	4.1%	4.1%

	Total operating profit		Operating margin	
	2014 £m	2013 £m	**2014 %**	2013 %
CONTINUING OPERATIONS				
North America	**666**	657	**8.1%**	8.1%
Europe & Japan	**409**	420	**7.2%**	7.0%
Fast Growing & Emerging	**226**	242	**7.2%**	7.2%
Unallocated overheads	**(65)**	(64)	**–**	–
Excluding associates	**1,236**	1,255	**7.2%**	7.1%
Associates	**9**	10		
Underlying	**1,245**	1,265		
Amortisation of intangibles arising on acquisitions	**(25)**	(25)		
Acquisition transaction costs	**(3)**	(3)		
Adjustment to contingent consideration on acquisition	**–**	1		
European exceptional	**–**	(59)		
Goodwill impairment	**–**	(377)		
Total	**1,217**	802		

REVENUE

Overall, organic revenue growth for the year was 4.1%, comprising new business of 8.5%, a retention rate of 93.5% and like for like growth of 2.1%. The impact from acquisitions less disposals was negligible resulting in constant currency revenue growth of 4.1%. There was a 6.9% negative impact from currency translation resulting in reported revenue decline of 2.8%.

OPERATING PROFIT

Underlying operating profit from continuing operations was £1,245 million (2013: £1,265 million), a decrease of 1.6%.

The impact of currency movements on the results for the year has been significant. If we restate 2013's result at the 2014 average exchange rates for the year, revenue would reduce by £1,177 million or 6.7% and underlying operating profit would reduce by £89 million, or 7.0%.

On a constant currency basis, underlying operating profit has therefore increased by £69 million, an increase of 5.9%. A total of £65 million has been delivered from organic growth and £4 million from acquisitions less disposals.

Operating profit, after the European exceptional cost of £nil (2013: £59 million), goodwill impairment of £nil (2013: £377 million), amortisation of intangibles arising on acquisition of £25 million (2013: £25 million), acquisition transaction costs of £3 million (2013: £3 million) and adjustment to contingent consideration on acquisition of £nil (2013: £1 million credit), was £1,217 million (2013: £802 million).

FINANCE COSTS

The underlying net finance cost was £86 million (2013: £77 million), including a £7 million (2013: £11 million) charge relating to the pension deficit and a £6 million cost of the additional debt required to finance the £1 billion Return of Cash and the ongoing £500 million share buyback.

For 2015, we expect an underlying net finance cost of around £115 million, reflecting the full year cost of the additional debt. This equates to an effective interest rate of around 4% on gross debt.

OTHER GAINS AND LOSSES

Other gains and losses include a £1 million profit (2013: £1 million loss) on the disposal of US businesses, a £13 million profit on the disposal of an investment in an associate and a £2 million profit relating to the change in the fair value of investments.

PROFIT BEFORE TAX

Profit before tax from continuing operations was £1,147 million (2013: £721 million). On an underlying basis, profit before tax from continuing operations decreased by 2.4% to £1,159 million (2013: £1,188 million).

INCOME TAX EXPENSE

Income tax expense from continuing operations was £279 million (2013: £287 million).

On an underlying basis, the tax charge on continuing operations was £293 million (2013: £309 million), equivalent to an effective tax rate of 25% (2013: 26%). We expect the tax rate to continue to average out around this level in the short to medium term.

BASIC EARNINGS PER SHARE

Basic earnings per share, including discontinued operations, were 49.0 pence (2013: 23.5 pence).

On an underlying basis, excluding discontinued operations, the basic earnings per share from continuing operations were 48.7 pence (2013: 47.7 pence). After adjusting for currency movements, basic earnings per share increased by 10.5%.

	Attributable profit		Basic earnings per share		
	2014 £m	2013 £m	**2014 pence**	2013 pence	Change %
Reported	**865**	429	**49.0**	23.5	108.5%
Discontinued operations	**(3)**	(3)	**(0.2)**	(0.2)	–
Other adjustments	**(2)**	445	**(0.1)**	24.4	–
Underlying	**860**	871	**48.7**	47.7	2.1%
Currency	**–**	(65)	**–**	(3.6)	–
Constant currency	**860**	806	**48.7**	44.1	10.5%

1 Constant currency restates the prior year results to 2014's average exchange rates.
2 Total operating profit includes share of profit of associates.
3 Underlying operating profit and margin excludes European exceptional cost, goodwill impairment, amortisation of intangibles arising on acquisition, acquisition transaction costs and adjustment to contingent consideration on acquisition.
4 Operating margin is based on revenue and operating profit excluding share of profit of associates.
5 Underlying net finance cost excludes hedge accounting ineffectiveness and the change in the fair value of investments and non-controlling interest put options.
6 Underlying profit before tax excludes European exceptional cost, goodwill impairment, profit on disposal of US businesses, profit on disposal of interest in associates, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, hedge accounting ineffectiveness and change in the fair value of investments.
7 Underlying basic earnings per share excludes European exceptional cost, goodwill impairment, profit on disposal of US businesses, profit on disposal of interest in associates, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, hedge accounting ineffectiveness, change in the fair value of investments, the tax attributable to these and the exceptional recognition of tax losses in prior years.
8 Underlying cash flow adjusts for the £58 million of European exceptional cash costs (2013: £72 million of European exceptional cash costs).
9 Organic revenue growth is calculated by adjusting for acquisitions (excluding current year acquisitions and including a full year in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior year at current year exchange rates) and compares the current year results against the prior year.

DIVIDENDS

It is proposed that a final dividend of 17.7 pence per share will be paid on 23 February 2015 to shareholders on the register on 23 January 2015. This will result in a total dividend for the year of 26.5 pence per share (2013: 24.0 pence per share), a year on year increase of 10.5%. The dividend is covered around 1.8 times on an underlying earnings basis. We remain committed to growing the dividend in line with constant currency earnings and maintaining this level of cover.

FREE CASH FLOW

Free cash flow from continuing operations totalled £683 million (2013: £762 million). During the year, we incurred a £58 million outflow (2013: £72 million outflow) in respect of the European exceptional. Adjusting for this, free cash flow would have been £741 million.

Gross capital expenditure of £471 million (2013: £469 million), is equivalent to 2.7% of revenues (2013: 2.7% of revenues). We will continue to invest to support the growth agenda and expect capital expenditure to be around 2.5% of revenues.

Excluding pensions and provisions, trade working capital has increased by £16 million (2013: decrease of £102 million). Looking forward, annual trade working capital movements are expected to be broadly neutral.

The cash outflow of £45 million (2013: £54 million) on post-employment benefit obligations largely reflects payments agreed with Trustees to reduce deficits on defined benefit pension schemes. These regular deficit repayments are expected to continue going forward.

The cash tax rate for the year was 23% (2013: 22%), based on underlying profit before tax for the continuing operations. The rate was slightly lower than the short to medium term expected level in the mid-20s but marginally increased on the prior year.

The net interest outflow for the year was £71 million (2013: £65 million).

ACQUISITION PAYMENTS

Spend on acquisitions in the year, net of cash acquired, totalled £128 million (2013: £104 million). This includes £107 million of infill acquisitions, £3 million on acquisition transaction costs and £18 million of deferred consideration relating to prior year acquisitions.

In addition, the Group increased its investments in associates in the year, with a gross spend of £48 million which was a net additional investment of £16 million after accounting for disposal proceeds of £32 million.

DISPOSALS

The Group received £66 million in respect of disposals, including the £32 million proceeds from the disposal of an investment in an associate, plus the disposal of some other small non-core businesses (2013: £8 million). £1 million was paid in the year in respect of businesses disposed of or discontinued in prior years (2013: £1 million) and £4 million tax was paid (2013: £nil) on profits from sale of subsidiary companies.

PURCHASE OF OWN SHARES

During the year, the Group completed the £400 million share buyback programme announced in November 2012 and began the £500 million share buyback programme announced in November 2013. In the year, a total of £280 million has been paid, of which £175 million relates to the new programme. The Group intends to continue with the current £500 million share buyback programme and it is on track to complete in the middle of 2015.

PROCEEDS FROM ISSUE OF SHARE CAPITAL

The Group received cash of £5 million in the year (2013: £9 million) from the issue of shares following the exercise of employee share options.

RETURN ON CAPITAL EMPLOYED

Return on capital employed was 19.3% (2013: 19.1%) based on underlying operations, net of tax at the effective underlying rate of 25% (2013: 26%), and excluding the Group's non-controlling partners' share of total operating profit. The average capital employed used is £4,799 million (2013: £4,878 million), which is based on the 12 month average balance sheet, adding back the post-employment benefit obligations (net of associated deferred tax), impaired goodwill, amortised intangibles arising on acquisition and excluding the Group's non-controlling partners' share of net assets.

RETURN OF CASH

On 11 June 2014, shareholder approval was given at an Extraordinary General Meeting of a return of 56 pence per share to shareholders, which was equivalent to £1 billion in aggregate and accompanied by a Share Consolidation. Shareholders elected to receive their cash proceeds as income, capital or a combination of the two, although restrictions applied to shareholders resident or located in certain territories. The Return of Cash was paid on 29 July 2014 to shareholders on the register on 7 July 2014.

PENSIONS

The Group has continued to review and monitor its pension obligations throughout the year, working closely with the Trustees and members of schemes around the Group to ensure proper and prudent assumptions are used and adequate provision and contributions are made.

The Group's total pension fund deficit at 30 September 2014, calculated on the accounting basis in accordance with IAS 19(R), was £176 million (2013: £209 million, as restated), largely due to the strong performance of bonds and equities during the year. The total pensions charge for defined contribution schemes in the year was £85 million (2013: £80 million) and £21 million (2013: £32 million) for defined benefit schemes. Included in the defined benefit scheme costs was a £7 million charge to net finance cost (2013: £11 million).

RELATED PARTY TRANSACTIONS

Details of transactions with related parties are set out in note 32. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

FINANCIAL POSITION

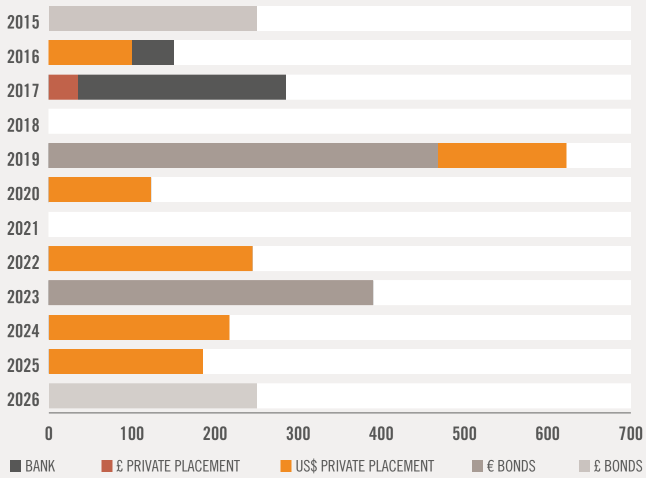
The ratio of net debt to market capitalisation of £16,680 million as at 30 September 2014 was 14% (2013: 8%).

At the end of the year, net debt was £2,331 million (2013: £1,193 million).

LIQUIDITY RISK

The Group finances its borrowings from a number of sources including the bank, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 30 September 2014 shows that the average period to maturity is 6.1 years.

FINANCING – MATURITY PROFILE OF PRINCIPAL BORROWINGS
AS AT 30 SEPTEMBER 2014 (£M)



1 Based on borrowings and facilities in place as at 30 September 2014, maturing in the financial year ending 30 September.
2 The average life of the Group's principal borrowings is 6.1 years (2013: 5.5 years).

The Group's undrawn committed bank facilities at 30 September 2014 were £1,000 million (2013: £700 million).

FINANCIAL MANAGEMENT

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

FOREIGN CURRENCY RISK

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

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

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

INTEREST RATE RISK

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

GROUP TAX POLICY

As a Group, we are committed to creating long term shareholder value through the responsible, sustainable and efficient delivery of our key business objectives. This will enable us to grow the business and make significant investments into the Group and its operations.

We therefore adopt an approach to tax that supports this strategy and also balances the various interests of our stakeholders including shareholders, governments, employees and the communities in which we operate. Our aim is to pursue a principled and sustainable tax strategy that has strong commercial merit and is aligned with our business strategy. We believe this will enhance shareholder value whilst protecting Compass' reputation.

In doing so, we act in compliance with the relevant local and international laws and disclosure requirements, and we conduct an open and transparent relationship with the relevant tax authorities that fully complies with the Group's Code of Business Conduct and Code of Ethics.

In an increasingly complex international environment, a degree of tax risk and uncertainty is however inevitable. We manage and control these risks in a proactive manner and in doing so exercise our judgement and seek appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.

RISKS AND UNCERTAINTIES

The Board takes a proactive approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of the Group and its shareholders. The Financial Reporting Council has recommended that companies comment on their exposure to risks from the eurozone crisis. The Group's liquidity risk (the ability to service short term liabilities) is considered low in all scenarios other than a fundamental collapse of the financial markets.

As at 30 September 2014, 4% of the Group's revenues were generated from clients located in Italy, Spain, Portugal and the Republic of Ireland. The Group believes that any potential exposure in those countries is covered by its existing provisions. No clients or Group assets are located in Greece.

As uncertainty over the eurozone economies persists and government austerity measures take effect, growth rates and consumer demand can be expected to remain under pressure. The Group continues to monitor the level of exposures when responding to these risks and compiling business forecasts.

The principal risks and uncertainties facing the business and the activities the Group undertakes to mitigate these are set out on pages 38 and 39.

SHAREHOLDER RETURN

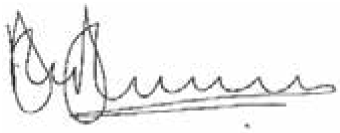
The market price of the Group's ordinary shares at the close of the financial year was 996.5 pence per share (2013: 850.0 pence per share).

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, as is the financial position of the Group, its cash flows, liquidity position, and borrowing facilities. In addition, note 20 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with longer term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.



DOMINIC BLAKEMORE
Group Finance Director
26 November 2014

The Strategic Report, as set out on pages 1 to 47, has been approved by the Board.

On behalf of the Board

MARK WHITE
General Counsel and Company Secretary
26 November 2014

IDENTIFYING AND MANAGING RISK

The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting its employees and consumers and safeguarding the interests of the Company and its shareholders in the constantly changing environment in which it operates.

As set out in the Corporate Governance section on pages 48 to 76, the Group has policies and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level within the business.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process, and core activities throughout the Group.

The table on pages 38 and 39 sets out the principal risks and uncertainties facing the business at the date of this Report. These have been subject to robust assessment and review. They do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this Report may also have an adverse effect on the Group.

The Group faces a number of operational risks on an ongoing basis such as litigation and financial (including liquidity and credit) risk and some wider risks, for example, environmental and reputational. Additionally, there are risks (such as those relating to the eurozone economy, the international corporate tax environment, pensions, and acquisitions and investments) which vary in importance depending on changing conditions. All risks disclosed in previous years can be found in the Annual Reports available on our website at www.compass-group.com. We recognise that these risks remain important to the business and they are kept under review. However, we have focused the disclosures on pages 38 and 39 on those risks that are currently considered to be more significant to the Group.

PRINCIPAL RISKS

HEALTH AND SAFETY

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

CLIENTS AND CONSUMERS

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

PEOPLE

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
RECRUITMENT	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses due to a lack of industry experience amongst candidates and appropriately qualified people, and the seasonal nature of some of our business.	The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation and through offering training and development programmes.
RETENTION AND MOTIVATION	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group.	The Group has established training, development, performance management and reward programmes to retain, develop and motivate our best people. The Group has a well established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.

ECONOMIC AND POLITICAL ENVIRONMENT

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
ECONOMY	Some sectors of our business could be susceptible to adverse changes in economic conditions and employment levels.	With the variable and flexible nature of our cost base, it is generally possible to contain the impact of these adverse conditions.
COST INFLATION	Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour or food could constitute a risk to our ability to do this.	As part of our MAP framework, we seek to manage inflation through continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients.
POLITICAL STABILITY	We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability.	The Group remains vigilant to future changes presented by emerging markets or fledgling administrations and we try to anticipate and contribute to important changes in public policy.

COMPLIANCE AND FRAUD

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
COMPLIANCE AND FRAUD	Ineffective compliance management with laws and regulations, or evidence of fraud, could have an adverse effect on the Group's reputation and could result in an adverse impact on the Group's performance if significant financial penalties are levied or a criminal action is brought against the Company or its directors.	The Group's zero tolerance based Codes of Business Conduct and Ethics govern all aspects of our relationships with our stakeholders. All alleged breaches of the Codes, including any allegations of fraud, are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Regulation and compliance risk is also considered as part of our annual business planning process.

INFORMATION SYSTEMS AND TECHNOLOGY

RISK	DESCRIPTION	EXAMPLES OF MITIGATION
INFORMATION SYSTEMS AND TECHNOLOGY	The digital world creates many risks for a global business including technology failures, loss of confidential data and damage to brand reputation.	We seek to assess and manage the maturity of our enterprise risk and security infrastructure and our ability to effectively defend against current and future cyber risks by using analysis tools and experienced professionals to evaluate and mitigate potential impacts. The Group relies on a variety of IT systems in order to manage and deliver services and communicate with our clients, consumers, suppliers and employees. We are focused on the need to maximise the effectiveness of our information systems and technology as a business enabler and to reduce both cost and exposure as a result.

ENSURING INTEGRITY

RIGHT ACROSS THE SUPPLY CHAIN

COMMITTING TO OPERATING MORE SUSTAINABLY

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

During the year, we revisited our CR strategy with our stakeholders to ensure that we continue to address those business impacts that are important to them. These insights help us to better understand emerging issues and progressively refine our CR strategy so it continues to underpin our long term success as a business. Our approach is simple; to create alignment, understanding and commitment in all our markets around four areas that are fundamental to our success.

HEALTH & WELLBEING

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

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

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

RESPONSIBLE SOURCING

Having a responsible supply chain is important for us to deliver the quality of food service that is a key business driver for Compass.

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

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

OUR PEOPLE

Our people are fundamental to our great service and reputation and we recognise their positive contribution to our performance.

Ensuring our employees are well trained, motivated and productive is an essential component of our business model.

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

ENVIRONMENT

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

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

- Report our environmental performance
- Manage energy use
- Reduce food waste

PROGRESS

Overall, we have made good progress against our CR commitments, including greater visibility of performance data which is helping us to better assess our business impacts, control our non-financial risks and make more informed decisions.

Increasingly, our customers are seeking assurances that the products they consume come from safe, ethical and sustainable sources. Working with colleagues from around the world, we have further developed our global Supply Chain Standards to include improved controls, designed to protect the integrity of our supply chain and the provenance of products. Our success as a business is dependent on us having a well trained, motivated workforce and, in response to stakeholder feedback, we have further developed our approach to measuring and reporting our people focused indicators: employment opportunities, engagement, diversity and human rights.

For a summary of our achievements, please go to pages 42 to 45 or for a more detailed review of our performance visit our CR site at www.compass-group.com/cr14.

INCREASE IN HEALTHY EATING OPTIONS OFFERED TO CONSUMERS (SINCE 2011)

+48%

EMPLOYEES SURVEYED WHO BELIEVE THE COMPANY IS A GOOD CORPORATE CITIZEN

75%

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

+51%

GHG INTENSITY IN 2014 (GREENHOUSE GAS EMISSIONS)

7.3%

OUR CR COMMITMENTS AND PROGRESS

BASIS FOR CONSOLIDATION
1 KPI relates to our global performance
2 KPI relates to our top 20 countries representing 93% of total Group revenue
3 KPI relates to our top 30 countries representing 97% of total Group revenue
All targets relate to data capture ending 30 September for the year stated.

TARGET ACHIEVED
TARGET IN PROGRESS

		KEY PERFORMANCE INDICATOR	2013–2014 TARGET	2013–2014 PERFORMANCE
INNOVATE	WELLBEING[2]	The number of units providing Balanced Choices (or equivalent healthy eating programmes) to their consumers	Report % improvement	TARGET ACHIEVED
		% of units offering nutritional advice to consumers	Report % of units	TARGET ACHIEVED
		% of countries operating a sugar, salt and fat reduction programme	Report % of countries	TARGET ACHIEVED
SOURCE	SUPPLY CHAIN INTEGRITY[1, 2]	% of countries adopting our global Supply Chain Standards	100% implementation by 2015	TARGET IN PROGRESS
		% of countries with programmes in place to support: • sustainable fish/seafood • Fairtrade and ethically sourced products • locally sourced products	Report % of countries	TARGET ACHIEVED
		% of contracted approved suppliers who have signed the Compass Code of Business Conduct	100% of contracted approved suppliers to sign the Compass Code of Business Conduct by 2014	TARGET ACHIEVED
		% of expenditure on tea, coffee, sugar and bananas from ethical or Fairtrade sources	Report % of expenditure	TARGET IN PROGRESS
PREPARE	ENERGY EFFICIENCY[2]	Reduction in total Greenhouse Gas (GHG) emissions	20% reduction by 2017	TARGET IN PROGRESS
			Report total direct GHG emissions – metric tonnes	TARGET ACHIEVED

2013–2014 REVIEW

KPI TARGET

2013–2014 REVIEW	KPI TARGET
The health and wellbeing of our consumers is important to us. We provide guidance and advice to help them make informed choices about how to achieve a healthier lifestyle. We are the only food service company to have signed up to all seven of the food service pledges of the UK Government's Responsibility Deal, and we take an active role in the Responsibility Deal Plenary Group. We have also implemented improved consumer signposting on allergens, ahead of the new EU Regulations effective December 2014.	100% of units providing Balanced Choices or similar healthy eating programmes to their consumers by 2015
We have refreshed our global Supply Chain Standards to provide greater emphasis on supplier assurance and product traceability. The new standards are being progressively rolled out across all markets.	100% implementation by 2015
Increasingly, our customers are seeking assurances that the products they consume are sourced ethically and sustainably. In 2014, we collated and analysed data from countries to form our baseline and we will report on our progress in 2015.	Report % of countries with programmes in place to support: • sustainable fish/seafood • Fairtrade and ethically sourced products • locally sourced products
We have made good progress this year, and 100% of suppliers approved in 2014 have signed up to the Compass Code of Business Conduct.	100% of suppliers approved in 2015 will sign up to the Compass Code of Business Conduct
This year, we collated and analysed data from countries to form our baseline against this KPI. We will report on our progress in 2015.	Report % of expenditure on tea, coffee, sugar and bananas from ethical or Fairtrade sources

The trend across our operations is positive and we continue to show improvements in intensity being achieved against the 2008 baseline ratio of 7.8.

We have calculated our Scope 1 & 2 GHG emissions since 2008 and this year, we further enhanced our environmental reporting by implementing a new web-based system which supports greater transparency and accuracy of data.

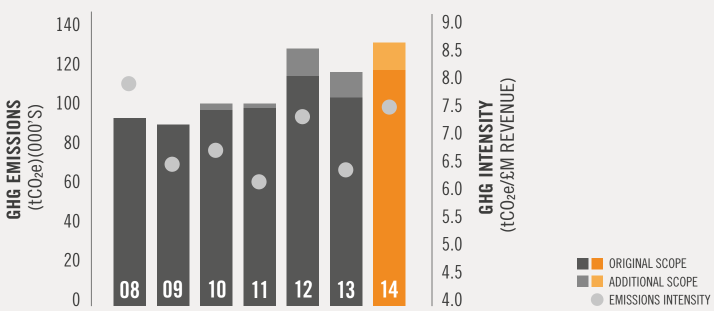
GHG emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, Defra/DECC, the International Energy Agency, the US Energy Information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

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

GHG emissions by scope	Unit	Quantity 2012-2013	Quantity 2013-2014
Scope 1	Tonnes CO_2e	101,703	115,406
Scope 2	Tonnes CO_2e	8,957	10,256
Scope 1 & 2 intensity	Tonnes CO_2e/£m revenue	6.3	7.3

GHG intensity has increased by 17% since 2012-2013, as a result of improved reporting of our carbon emissions data. Checking of our historical data identified minor errors in the 2012 and 2013 emissions data for the US and UK businesses. The corrected absolute emissions and intensity figures are reflected in the data reported above.

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



20% reduction by 2017 (against 2008 baseline)

Report total direct GHG emissions – metric tonnes

OUR CR COMMITMENTS AND PROGRESS

BASIS FOR CONSOLIDATION
1 KPI relates to our global performance
2 KPI relates to our top 20 countries representing 93% of total Group revenue
3 KPI relates to our top 30 countries representing 97% of total Group revenue
All targets relate to data capture ending 30 September for the year stated.

TARGET ACHIEVED
TARGET IN PROGRESS

		KEY PERFORMANCE INDICATOR	2013–2014 TARGET	2013–2014 PERFORMANCE
	WATER EFFICIENCY[2]	Water consumption by our corporate offices	20% reduction by 2017	
		% increase in spend on concentrated chemicals as a % of total chemical spend	25% increase in spend on concentrated chemicals by 2015	
	GENERAL WASTE REPORTING[2]	% of waste generated by Compass offices diverted from landfill	25% improvement by 2017	
		% of units where cooking oil is recovered/recycled	Report % of units where cooking oil is recovered/recycled	
	FOOD WASTE[3]	Implement Trim Trax (or equivalent food waste reduction programmes)	100% implementation across our top 30 countries by 2015	
PROVIDE	FOOD SAFETY[1]	Global Food Safety Incident Rate (FSIR)	Report % improvement	
	OCCUPATIONAL HEALTH AND SAFETY[1]	Global Lost Time Injury Rate (LTIR)	Report % improvement	
		% of employees surveyed in our global Your Voice survey who believe the Company places a high priority on health and safety	n/a	n/a
	EMPLOYEE RETENTION[2]	Employee retention rate for all employees: • total employees • management • unit management	Report % improvement of: • total employees • management • unit management	
	DIVERSITY[1]	% of women holding global leadership team positions	Report % increase	
		% of female representation in the global workforce	Report % representation	
		% of employees surveyed in our global Your Voice survey who believe the Company embraces diversity	n/a	n/a
	BUSINESS ETHICS[1]	Total number of concerns reported by employees globally, via Speak Up	Measure and report concerns with 100% follow up	
	EMPLOYEE ENGAGEMENT[1]	Global Your Voice survey: • Participation rate • Engagement rate	n/a n/a	n/a n/a

INTERESTED TO KNOW MORE?

Find out about our CR activities around the world, together with global policies and performance statistics on our CR website at www.compass-group.com/cr14

2013–2014 REVIEW	KPI TARGET
We are making good progress in reducing our water consumption and continue to invest in water efficiency equipment and practices. In addition, we continue to employ web-based training programmes to improve the environmental awareness of our colleagues around the world. We have deployed a new reporting system which provides greater functionality to enable countries to extend their scope of reporting. Looking forward, this will include additional locations where Compass has direct control, such as laundries and central production units.	20% reduction by 2017 (against 2008 baseline)
This year, we collated and analysed data from countries to form our baseline against this KPI. We will report on our progress in 2015.	25% increase in spend on concentrated chemicals as a % of total chemical spend by 2015
In 2014, we focused on improving the accuracy of data reported by countries, including the composition of our waste by collaborating with our waste contractors. This enables us to track progress on the proportion of waste being recycled.	25% improvement by 2017 (against 2011 baseline)
This year, we collated and analysed data from countries to form our baseline against this KPI. We will report on our progress in 2015.	Report % of units where cooking oil is recovered/recycled
This year, we extended the implementation of our food waste reduction programmes from our top 20 to our top 30 countries.	100% implementation of food waste reduction programmes across our top 30 countries by 2015
Compared to the 2008 baseline, we have improved our food safety performance on a global basis by 49% through strong unit compliance with our global Food Safety Standards.	Report % improvement (against 2008 baseline)
We achieved further improvement in our global Lost Time Injury Rate, with a reduction of 51% in the number of incidents compared to the 2008 baseline. Our ongoing commitment to implement programmes to improve safety leadership and culture underpins this success. This year, we introduced our Safety First portal, which enables countries to share and implement best practice initiatives more easily, to support employee engagement in the reduction of incidents.	Report % improvement (against 2008 baseline)
We are pleased that so many of our employees (80% of employees surveyed in 2013) believe that health and safety is our number one operational priority (2011: 79%). The next survey takes place in 2015.	Report % improvement (against 2013 survey)
Sadly, we had two work related employee fatalities as a result of motor vehicle accidents.	
This year, we achieved an employee retention rate of 83% (2013: 82%).	Report % improvement (against 2012 baseline) of employee retention: • total employees • management • unit management
23% of our global leadership team positions are held by women (22% in 2013).	Report % increase
In accordance with the Companies Act 2006, you will find more information on employee diversity on page 58.	Report % of female representation in the global workforce
We are pleased that so many of our employees (76% of employees surveyed in 2013) believe that the Company embraces diversity. The next survey takes place in 2015.	Report % improvement (against 2013 survey)
All our countries have access to the independently operated Speak Up whistleblowing programme, which enables employees to report material concerns for review and follow up. There is a clear escalation process in place to consider each concern raised. Where appropriate, a full investigation and remedial actions are taken.	Measure and report concerns with 100% follow up
We conduct a global Your Voice employee survey every two years – the next survey will take place in 2015.	Report % participation rate Report % engagement rate

RSPO Roundtable on Sustainable Palm Oil

OUR BOARD

PAUL WALSH ○ △[C]
CHAIRMAN (AGE 59)

APPOINTMENT
Joined as Non-Executive Director in January 2014. Appointed Chairman in February 2014.

SKILLS AND PREVIOUS EXPERIENCE
Former Chief Executive, Diageo plc, from September 2000 to June 2013 and now an adviser to the Chairman and Chief Executive, having originally joined the Board in 1997. Formerly Chief Executive Officer of the Pillsbury Company and a director of GrandMet. Former non-executive director of Centrica plc. Paul is a Member of the Business Advisory Group for Britain. Business Ambassador on the UK Government's Business Ambassador network and a Member of the Council of the Scotch Whisky Association.

CURRENT EXTERNAL APPOINTMENTS
Chairman of Avanti Communications Group plc and non-executive director of Unilever PLC, FedEx Corporation and United Spirits Limited.

RICHARD COUSINS ○ □ ▲ △
GROUP CHIEF EXECUTIVE (AGE 55)

APPOINTMENT
Joined the Board in May 2006 and was appointed Group Chief Executive in June 2006.

SKILLS AND PREVIOUS EXPERIENCE
Richard spent six years as Chief Executive Officer of BPB plc, having previously held a number of positions with that company. His earlier career was with Cadbury Schweppes plc and BTR plc. He is also a former non-executive director of P & O plc, HBOS plc and Reckitt Benckiser Group plc.

CURRENT EXTERNAL APPOINTMENTS
Non-executive director of Tesco PLC (from 1 November 2014) and a Member of the Advisory Board of Lancaster University Business School.

DOMINIC BLAKEMORE ○ ■ □ ▲
GROUP FINANCE DIRECTOR (AGE 45)

APPOINTMENT
Joined the Board in February 2012 and was appointed as Group Finance Director in April 2012.

SKILLS AND PREVIOUS EXPERIENCE
Former Chief Financial Officer of Iglo Foods Group Limited, which Dominic joined from Cadbury Plc, where he was European Finance & Strategy Director, having previously held senior finance roles as Corporate Finance Director and Group Financial Controller. Prior to joining Cadbury Plc, Dominic was a director at PricewaterhouseCoopers LLP.

CURRENT EXTERNAL APPOINTMENTS
Non-executive director of Shire plc.

JOHN BASON ●[C] ○ △ ◆
NON-EXECUTIVE DIRECTOR (AGE 57)

APPOINTMENT
Appointed to the Board in June 2011.

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

CURRENT EXTERNAL APPOINTMENTS
Finance Director of Associated British Foods plc, Trustee of Voluntary Service Overseas and Chairman of the charity FareShare.

SUSAN MURRAY ● ○[C] △ ◆
NON-EXECUTIVE DIRECTOR (AGE 57)

APPOINTMENT
Appointed to the Board in October 2007.

SKILLS AND PREVIOUS EXPERIENCE
Susan is a former Chairman of Farrow & Ball (to 27 November 2014), and a former non-executive director of Pernod Ricard S.A. (to 6 November 2014), Imperial Tobacco PLC, Enterprise Inns Plc, Aberdeen Asset Management PLC, SSL International PLC and Wm Morrison Supermarkets PLC, and former Chief Executive of Littlewoods Stores Limited. She is also former Worldwide President and Chief Executive of The Pierre Smirnoff Company, part of Diageo plc, and a former Council Member of the Advertising Standards Authority.

CURRENT EXTERNAL APPOINTMENTS
Fellow of the Royal Society of Arts.

DON ROBERT ● ○ △ ◆
NON-EXECUTIVE DIRECTOR (AGE 55)

APPOINTMENT
Appointed to the Board in May 2009.

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

CURRENT EXTERNAL APPOINTMENTS
Chairman of Experian plc. He is also a Trustee of the Education and Employers Taskforce and a non-executive director of the Court of the Bank of England.

GARY GREEN □ ▲
GROUP CHIEF OPERATING OFFICER, NORTH AMERICA (AGE 57)

APPOINTMENT
Appointed to the Board in April 2007 and became Group Chief Operating Officer, North America in April 2012.

SKILLS AND PREVIOUS EXPERIENCE
Gary is a Chartered Accountant and in 2001 received an honorary doctorate from Johnson & Wales University in the USA. Gary joined the Group in 1986 in a senior finance role in the UK and became a UK director in 1992. He relocated to the USA in 1994 as Chief Finance Officer of the Group's North American business and in 1999 became Chief Executive Officer.

CURRENT EXTERNAL APPOINTMENTS
None.

ANDREW MARTIN □ ▲
GROUP CHIEF OPERATING OFFICER, EUROPE & JAPAN (AGE 54)

APPOINTMENT
Appointed as Group Finance Director in 2004 and became Group Chief Operating Officer, Europe & Japan in April 2012.

SKILLS AND PREVIOUS EXPERIENCE
Associate of the Institute of Chartered Accountants in England and Wales and an Associate of the Chartered Institute of Taxation. Andrew was formerly Finance Director of First Choice Holidays PLC. He also previously held senior financial positions with Forte Plc and Granada Group PLC and was a partner with Arthur Andersen.

CURRENT EXTERNAL APPOINTMENTS
Non-executive director of easyJet plc.

CAROL ARROWSMITH ● ○ △ ◆C
NON-EXECUTIVE DIRECTOR (AGE 60)

APPOINTMENT
Appointed to the Board in June 2014.

SKILLS AND PREVIOUS EXPERIENCE
Former partner in Deloitte LLP, Vice Chairman of the UK business and former Director of the Remuneration Consultants Group. Carol is a Fellow of the Chartered Institute of Personnel and Development.

CURRENT EXTERNAL APPOINTMENTS
Adviser to Deloitte LLP, Member of Advisory Group for Spencer Stuart.

SIR IAN ROBINSON ● ○ △ ◆
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR (AGE 72)

APPOINTMENT
Appointed to the Board in December 2006.

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

CURRENT EXTERNAL APPOINTMENTS
Member of the Takeover Panel and Fellow of the Royal Academy of Engineers.

MARK WHITE ●S ○ ■ □ ▲S △S ◆S
GENERAL COUNSEL AND COMPANY SECRETARY (AGE 54)

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

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

CURRENT EXTERNAL APPOINTMENTS
Member of the Upper Tribunal, Tax and Chancery Chamber.

COMMITTEE MEMBERSHIP
- ● Audit
- ○ Corporate Responsibility
- ■ Disclosure
- □ Executive Board
- ▲ General Business
- △ Nomination
- ◆ Remuneration
- C Denotes Chairman
- S Denotes Secretary

CORPORATE GOVERNANCE

CONTENTS

GOVERNANCE AND DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

The directors present their Annual Report and the audited consolidated accounts of the Company and its subsidiaries for the year ended 30 September 2014. This Corporate Governance Report and other statutory disclosures set out on pages 49 to 58 make up the Directors' Report.

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

UK CORPORATE GOVERNANCE CODE COMPLIANCE

Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the UK Corporate Governance Code 2010 and 2012 (the Code). The Code can be found on the Financial Reporting Council (FRC) website at www.frc.org.uk. This Corporate Governance Report, together with the Directors' Remuneration Report set out on pages 59 to 76, describes how the Board has applied the main principles of good governance set out in the Code during the year under review.

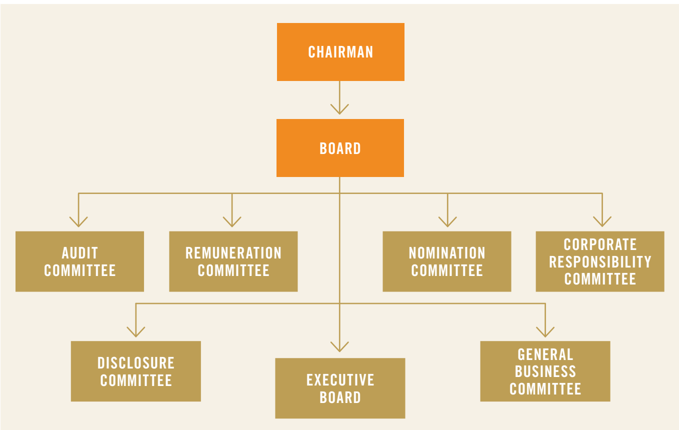
The FRC published a revised Code on 17 September 2014, applicable to financial reporting periods beginning on or after 1 October 2014. Where possible, the Company has sought to reflect these revisions in its practices and will aim to comply fully with the revised Code during 2014-2015.

COMPLIANCE STATEMENT

It is the Board's view that for the year ended 30 September 2014 the Company has been fully compliant with all of the principles set out in the Code applicable to this reporting period. The Company's auditor, KPMG LLP, is required to review whether the above statement reflects the Company's compliance with the provisions of the Code specified for its review by the Listing Rules of the UK Listing Authority and to report if it does not reflect such compliance. No such report has been made.

HOW WE GOVERN THE COMPANY

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



THE BOARD

COMPOSITION

As at 30 September 2014, and as at the date of this Report, the board of directors was made up of 10 members, comprising the non-executive Chairman, four executive directors and five non-executive directors.

The Chairman, Paul Walsh, joined the Board as an independent non-executive director on 1 January 2014 and succeeded Sir Roy Gardner who retired as Chairman at the conclusion of the Annual General Meeting (AGM) held on 6 February 2014. Carol Arrowsmith joined the Board as an independent non-executive director on 1 June 2014.

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

Biographical details of the directors currently in office are shown on pages 46 and 47. The Company's policy relating to the terms of appointment and the remuneration of both executive and non-executive directors is detailed in the Directors' Remuneration Report which is on pages 59 to 76.

The Board meets regularly during the year as well as on an ad hoc basis, as required by business need. The Board met eight times during the year and director attendance for each meeting is shown in the table on page 51. Each director also attends the AGM to answer shareholder questions.

RESPONSIBILITIES

The Board manages the business of the Company and may, subject to the Articles of Association and applicable legislation, borrow money, guarantee, indemnify, mortgage or charge the business, property and assets (present and future), issue debentures and other securities and give security, whether outright or as a collateral security, for any debt, liability or obligation of the Company or of any third party. The Board has a formal schedule of matters reserved for its decision, although its primary role is to provide entrepreneurial leadership and to review the overall strategic development of the Group as a whole. In addition, the Board sets the Group's values and standards and ensures that it acts ethically and that its obligations to its shareholders are understood and met. The Board may delegate any of its powers to any committee consisting of one or more directors.

The Board has delegated day to day operational decisions to the Executive Board referred to on page 52.

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

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

DIRECTOR EFFECTIVENESS AND TRAINING

In accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team, and ensures that each director refreshes and updates his or her individual skills, knowledge and expertise.

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

Succession planning is a matter for the whole Board, rather than for a committee. The Company's Articles of Association provide that one third of the directors retire by rotation each year and that each director will seek re-election at the AGM every three years. However, in accordance with the Code, all directors submit themselves for annual re-election by shareholders. New directors may be appointed by the Board, but are subject to election by shareholders at the first opportunity after their appointment, as is the case with Carol Arrowsmith who will seek election at the AGM on 5 February 2015. The Articles of Association limit the number of directors to not less than two and not more than 20 save where shareholders decide otherwise. Non-executive directors are normally appointed for an initial term of three years which is reviewed and may be extended for a further three years. It is Board policy that non-executive director appointments should last for no more than nine years.

A formal, comprehensive and tailored induction is given to all non-executive directors following their appointment, including visits to key locations within the Group and meetings with members of the Executive Board and other key senior executives. The induction also covers a review of the Group's governance policies, structures and business, including details of the risks and operating issues facing the Group.

Sir Ian Robinson is the Company's Senior Independent Director. His role includes providing a sounding board for the Chairman and acting as an intermediary for the non-executive directors, where necessary. The Board believes that Sir Ian continues to have the appropriate experience, knowledge and independence to continue in this role.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders. Although the non-executive directors are not formally required to meet the shareholders of the Company, their attendance at presentations of the interim and annual results is encouraged.

BOARD EFFECTIVENESS

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

Last year, in compliance with the Code, the performance evaluation was conducted by independent external facilitators, EquityCommunications Limited.

This year, an internal performance evaluation was conducted, taking into account the principal themes which had emerged from the preceding external evaluation, notably enhancing the approach to the strategy formulation process and continuing to focus on succession planning. Having conducted its evaluation, the Board noted that enhancement of timetabling and processes had been achieved during 2014, enabling more productive use of the Board's time for discussion of strategic issues, and that, following the appointment of Paul Walsh as Chairman, a revised approach towards long term succession at Board level was being adopted. This has initially seen the appointment of Carol Arrowsmith as both an independent non-executive director and Chairman of the Remuneration Committee on 1 June 2014.

It was also the view of the Board that each of the non-executive directors brings considerable management expertise and an independent perspective to the Board's deliberations and they are considered to be independent of management and free from any relationship or circumstance that could affect, or appear to affect, the exercise of their independent judgement. Overall, the Board considered the performance of each director to be effective and concluded that both the Board and its committees continue to provide effective leadership and exert the required levels of governance and control. The Board will continue to review its procedures, effectiveness and development in the year ahead.

CONFLICTS OF INTEREST

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

Each director has a duty under the Companies Act 2006 (CA 2006) to avoid a situation in which he or she has or can have a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company. This duty is in addition to the obligation that he or she owes to the Company to disclose to the Board any transaction or arrangement under consideration by the Company. The Company's Articles of Association authorise the directors to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent directors (i.e. those who have no interest in the matter under consideration) will be able to take the relevant decision, and in taking the decision the directors must act in good faith and in a way they consider will be most likely to promote the Company's success. Furthermore, the directors may, if appropriate, impose limits or conditions when granting authorisation.

Any authorities are reviewed at least every 15 months. The Board considered and authorised each director's reported actual and potential conflicts of interest at its July 2014 Board meeting and considers changes on an ad hoc basis throughout the year.

COMMITTEES OF THE BOARD

The Board has established a number of committees to assist in the discharge of its duties and the formal Terms of Reference for the principal committees, approved by the Board and complying with the Code, are available from the General Counsel and Company Secretary and can also be found on the Company's website at www.compass-group.com. Their Terms of Reference are reviewed annually and updated where necessary. Membership and details of the principal committees are shown on pages 51 and 52.

The General Counsel and Company Secretary acts as Secretary to all Board committees.

MEETINGS ATTENDANCE

The following table shows the attendance of directors at meetings of the Board and of the Audit, Corporate Responsibility (CR), Nomination and Remuneration Committees during the year ended 30 September 2014:

Name	Board	Audit Committee	CR Committee	Nomination Committee	Remuneration Committee
Carol Arrowsmith[1]	3 of 3	1 of 1	1 of 1	1 of 1	2 of 2
John Bason	8 of 8	4 of 4	3 of 3	2 of 2	4 of 4
Dominic Blakemore	7 of 8	–	3 of 3	–	–
Richard Cousins	8 of 8	–	3 of 3	2 of 2	–
Sir Roy Gardner[2]	3 of 3	–	1 of 1	1 of 1	–
Gary Green	8 of 8	–	–	–	–
Andrew Martin	8 of 8	–	–	–	–
Susan Murray	8 of 8	4 of 4	3 of 3	2 of 2	4 of 4
Don Robert	8 of 8	4 of 4	3 of 3	2 of 2	4 of 4
Sir Ian Robinson	8 of 8	4 of 4	3 of 3	2 of 2	4 of 4
Paul Walsh[3]	6 of 6	–	2 of 2	1 of 1	–

1 Carol Arrowsmith joined the Board on 1 June 2014
2 Sir Roy Gardner retired from the Board on 6 February 2014
3 Paul Walsh joined the Board on 1 January 2014

The table shows the number of meetings attended out of the number of meetings which each director was eligible to attend. Directors who are not members of individual Board committees have also been invited to attend one or more meetings of those committees during the year.

There was one occasion where a director was unable to attend a meeting due to an unforeseen event.

NOMINATION COMMITTEE

The Nomination Committee's key objective is to ensure that the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.

The Nomination Committee comprises Paul Walsh (Chairman), Richard Cousins and all of the non-executive directors in office at the date of this Report.

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

The Nomination Committee reviews the structure, size and composition of the Board and its committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new directors, the reappointment of existing directors and appointment of members to the Board's committees. It also assesses the roles of the existing directors in office to ensure that there continues to be a balanced board in terms of skills, knowledge, experience and diversity. The Nomination Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nomination Committee also advises the Board on succession planning for executive director appointments, although the Board itself is responsible for succession generally.

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

In identifying suitable candidates, the Nomination Committee:

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

During the year, the Nomination Committee retained Egon Zehnder International as recruitment consultants in respect of the search for a suitable candidate to join the Board as an additional non-executive director. Egon Zehnder International is an independent executive search firm which has no other connection with the Company. Carol Arrowsmith was identified by the Nomination Committee as part of the external search process conducted by Egon Zehnder International. She was subsequently recommended to the Board for appointment on the basis that she met the criteria required, including having sufficient time to discharge the requirements of the role. During the year, the Nomination Committee also considered (and recommended to the Board) the reappointment of John Bason for a further three year term.

In the year ahead, the Nomination Committee will continue to assess the Board's composition and how it may be enhanced and will consider diversity (gender and experience) and geographic representation and use independent consultants as appropriate to ensure a broad search for suitable candidates.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policy for the Chairman, executive directors and senior management.

The Remuneration Committee comprises Carol Arrowsmith (Chairman) from 1 June 2014 and all of the other non-executive directors in office at the date of this Report. Sir Ian Robinson was Chairman of the Remuneration Committee until 1 June 2014. The Remuneration Committee met four times during the year and directors' attendance can be found in the table above.

The Directors' Remuneration Report is set out on pages 59 to 76 and details the Remuneration Committee's activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the AGM to respond to any shareholder questions that might be raised on the Remuneration Committee's activities.

GENERAL BUSINESS COMMITTEE

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

CORPORATE RESPONSIBILITY COMMITTEE

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

The Corporate Responsibility Committee comprises Susan Murray (Chairman), Paul Walsh, Dominic Blakemore, Richard Cousins, Mark White (General Counsel and Company Secretary), Jane Kingston (Group Human Resources Director) and all of the non-executive directors in office at the date of this Report. The Corporate Responsibility Committee met three times during the year and the director members' attendance is shown in the table above. Our Corporate Responsibility Report 2014 is available at www.compass-group.com/cr14 as well as on pages 40 to 45 of this Report.

DISCLOSURE COMMITTEE

The Disclosure Committee ensures accuracy and timeliness of public announcements of the Company and monitors the Company's obligations under the Listing Rules and Disclosure and Transparency Rules of the UK Listing Authority.

Meetings are held as required. At the date of this Report, the Disclosure Committee comprises Dominic Blakemore, Mark White, the Head of Financial Reporting and Control and the Head of Investor Relations.

EXECUTIVE BOARD

The Executive Board is the key management committee for the Group and comprises the executive directors of the Company, Andrew Furlong (Regional Managing Director, Central Asia, Middle East, Africa & Turkey), Philippe Op de Beeck (Regional Managing Director, Asia Pacific), Johnny Thomson (Regional Managing Director, Latin America), Mark White and Jane Kingston.

The Executive Board meets regularly and is responsible for developing the Group's strategy and capital expenditure and investment budgets and reporting on these areas to the Board for approval, implementing Group policy, monitoring financial, operational and customer quality of service performance, health and safety, purchasing and supply chain issues, succession planning and day to day management of the Group.

AUDIT COMMITTEE

OBJECTIVES

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions, and the management of the Group's systems of internal control, business risks and related compliance activities.

The Audit Committee's Terms of Reference can be found at www.compass-group.com.

COMPOSITION

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

Each member of the Audit Committee brings relevant senior level financial experience. The expertise and experience of the members of the Audit Committee are summarised on pages 46 and 47. The Board considers that each member of the Audit Committee is independent within the definition set out in the Code. The Audit Committee's Chairman, John Bason, is considered by the Board to have significant, recent and relevant financial experience as Finance Director of Associated British Foods plc.

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

AUDIT COMMITTEE MEETINGS

The Audit Committee meets regularly throughout the year and its agenda is linked to events in the Company's financial calendar. Each member of the Audit Committee may require reports on matters of interest in addition to the regular items. The Audit Committee met four times during the year and members' attendance at the meetings is set out in the table on page 51.

The Audit Committee invites Paul Walsh (Chairman), Richard Cousins (Group Chief Executive), Dominic Blakemore (Group Finance Director), Sarah Sergeant (Head of Financial Reporting and Control) and Trevor Gelnar (Director of Group Internal Audit), together with senior representatives of the external auditor, to attend each meeting although, from time to time, it reserves time for discussions without invitees being present. Other senior management are invited to present such reports as are required for the Audit Committee to discharge its duties.

The Chairman of the Audit Committee attends the AGM to respond to any shareholder questions that might be raised on its activities. The remuneration of the members of the Audit Committee and the policy with regard to the remuneration of the non-executive directors are set out on pages 68 and 74.

ACTIVITIES DURING THE YEAR

The matters reviewed and evaluated by the Audit Committee during the year are set out below:

FINANCIAL REPORTING

- the appropriateness of the interim and annual financial statements (including the announcements thereof to the London Stock Exchange) with both management and the external auditor, including:
  - at the Board's request, whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy
  - the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements
  - discussing the critical accounting policies and use of assumptions and estimates, as noted in section B of the accounting policies on page 87 of this Annual Report, and concluding that the estimates, judgements and assumptions used were reasonable based on the information available and had been used appropriately in applying the Company's accounting policies
  - considering the nature and quantum of the purchasing income earned by the Group during the financial year. It also assessed the extent to which the amounts recognised required estimation and reviewed the recoverability of amounts accrued at the year end with reference to aged analyses and subsequent cash receipts. Nothing arose during the course of this review to indicate that purchasing income had not been accounted for in accordance with the Group's accounting policies
- the material areas in which significant judgements have been applied, namely:
  - the consideration of any goodwill impairment assessments and how these were addressed. The judgement largely relates to the assumptions underlying the calculation of the value in use of the cash generating units (CGUs) being tested for impairment, primarily the achievement of the three year business plan for the CGUs and the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee receives reports from management outlining the basis for the assumptions used. Business plans are approved by the Board. In addition, the external auditor provides detailed written assessments to the Audit Committee in this area
  - the level of provisioning for contingent and other liabilities (including tax) where management, accounting and legal judgements are important. The Committee discusses with management the key judgements made, including relevant legal advice. The external auditor also reports on all material provisions to the Committee
- Going Concern

OTHER MATTERS

In addition to its key role in the financial reporting process, the Audit Committee also considered the following:

Items discussed	Nov 2013	Jan 2014	May 2014	Sept 2014
INTERNAL AUDIT				
• approval of the Group's internal audit plan and risk controls and the review of internal audit activity reports and updates, together with the rollout of key financial controls	●		●	●
EXTERNAL AUDIT				
• retendering process for the auditor	●			
• appointment of KPMG LLP and associated terms and fees and handover process between Deloitte LLP and KPMG LLP		●	●	
• approval and review of proposed audit plan and procedures			●	●
– review of auditor effectiveness and appointment			●	
– review of the policy and update of provision of non-audit services provided by the external auditor	●		●	●
OTHER MATTERS				
• litigation and contingent liabilities	●		●	●
• operation of the Group's Speak Up whistleblowing policy	●		●	●
• country specific audit matters	●		●	●
• the Regional and Group Governance Committee structure and the outputs from the committee meetings			●	●
• tax matters, including provisioning for potential current tax liabilities and the level of deferred tax asset recognition as well as compliance with statutory tax reporting obligations	●		●	●

EXTERNAL AUDIT

During the financial year ended 30 September 2014, following a retender exercise which complied with best practice guidelines, KPMG LLP succeeded Deloitte LLP as the Company's external auditor (see 'Appointment of auditor' below). The Audit Committee applied the same rigour towards its oversight, monitoring and other duties in respect of successive external auditors, as applicable and as set out below, throughout the period.

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The Audit Committee reserves oversight responsibility for monitoring the auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements. The Audit Committee recommends the appointment, reappointment and removal of the Company's external auditor, and considers the risks associated with its withdrawal from the market in its risk evaluation and planning. The Audit Committee also reviews the terms, areas of responsibility and scope of the audit as set out in the external auditor's engagement letter; the overall work plan for the forthcoming year, together with the associated fee proposal and cost effectiveness of the audit; any major issues which arise during the course of the audit and their resolution; key accounting and audit judgements; the level of errors identified during the audit; the recommendations made to management by the auditor and management's response; and the auditor's overall performance.

The Audit Committee also ensures that key partners within the external auditor are rotated from time to time in accordance with applicable UK rules. The Audit Committee monitors the extent of non-audit work which the external auditor can perform, to ensure that the provision of those non-audit services that can be undertaken by the external auditor falls within the agreed policy and does not impair its objectivity or independence. Following the change of external auditor, the Audit Committee agreed that Deloitte LLP should continue to provide tax services to the Group and has amended its policy on the provision of non-audit services by the external auditor accordingly, to exclude such services. Therefore, unless there is no other competent and available provider, the external auditor should be excluded from providing the Company with general consultancy and all other non-audit services. Engagements for non-audit services that are not prohibited are subject to formal approval by the Audit Committee based on the level of fees involved. Non-audit services that are pre-approved are either routine in nature with a fee that is not significant in the context of the audit or are audit related services.

Within the constraints of applicable UK rules, the external auditor has traditionally undertaken some due diligence reviews and other pieces of non-audit work. The provision of non-audit services within such constraints and the agreed policy is assessed on a case by case basis so that the best placed adviser is retained. Principal non-audit services provided by Deloitte LLP to 14 March 2014 and by KPMG LLP since 14 March 2014 approved by the Audit Committee during the year ended 30 September 2014 comprised assistance on tax matters (in the case of Deloitte LLP), IT related services and due diligence advice in respect of potential acquisitions.

During the year, the Audit Committee reviewed Deloitte LLP's fees for its services during the year ended 30 September 2013, its effectiveness and whether the agreed audit plan had been fulfilled and the reasons for any variation from the plan. Its fees for non-audit work completed during 2012-2013 were also reviewed and agreed. The Audit Committee's usual formal evaluation process involving the use of questionnaires completed by finance teams around the Group was incorporated within the agreed process for retendering the external audit.

The Audit Committee also considered the robustness of the 2014 audit and the degree to which KPMG LLP was able to assess key accounting and audit judgements and the content of the management letter issued by the external auditor. The Audit Committee concluded that both the audit and the audit process were effective.

The total fees paid to KPMG LLP in the year ended 30 September 2014 were £6.1 million of which £1.9 million related to non-audit work, much of which related to the period prior to their appointment in March 2014. The total fees paid to Deloitte LLP in the year ended 30 September 2014 were £4.6 million (2013: £7.8 million) all of which related to non-audit work (2013: £3.5 million). Further disclosure of the non-audit fees paid during the year can be found in note 2 to the consolidated financial statements on page 96.

To ensure objectivity, key members of the audit team rotate off the Company's audit. To safeguard the independence of the Company's external auditor and the integrity of the audit process, the recruitment of senior employees from the Company's auditor is not permitted for a period of at least two years after they cease to be involved in the provision of services to the Company.

APPOINTMENT OF AUDITOR

As planned and discussed in last year's Annual Report, following extensive due diligence and agreement of a detailed timetable and step plan, in 2013 the Audit Committee approved the issue of a formal Request for Proposal (RFP) for the appointment of the Company's external auditor, in accordance with the requirement under the Code that the audit should be put out to tender at least every 10 years. Responses to the RFP were received during December 2013, assessed against agreed criteria and presentations were made to the Audit Committee by shortlisted candidates in January 2014. The Audit Committee recommended to the Board that

KPMG LLP be appointed as the external auditor in succession to Deloitte LLP and, following approval by the Board, the appointment was duly notified to shareholders and to the Financial Reporting Council and became effective on 14 March 2014. KPMG LLP's fees for the audit for the year ending 30 September 2014 were considered and agreed as part of the tender process. KPMG LLP is also appointed or is being appointed as auditor for the significant subsidiaries of the Group.

KPMG LLP has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing its reappointment and determination of its remuneration will be proposed at the AGM to be held on 5 February 2015.

DISCLOSURE OF RELEVANT AUDIT INFORMATION

The directors confirm that, so far as they are each aware, there is no relevant audit information of which KPMG LLP is unaware and each director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that KPMG LLP is aware of that information.

OUR STANDARDS

The Company remains committed to the highest standards of business conduct and expects all of its employees to act accordingly. The Group's Speak Up policy (an extension of the Code of Ethics now incorporated within the Group's Code of Business Conduct which was launched in 40 languages during 2011 and is available on the Company's website) sets out arrangements for the receipt, in confidence, of complaints on accounting, risk issues, internal controls, auditing issues and related matters which would, as appropriate, be reported to the Audit Committee, and Speak Up is a standard review item on all internal audit work programmes. Copies of the Codes of Business Conduct and Ethics are available on the Company's website at www.compass-group.com.

The Audit Committee also receives updates on bribery and fraud activity in the business, if any, at least twice each year with individual updates being given to the Audit Committee, as needed, in more serious cases of alleged bribery, fraud or related activities. The Group's anti-fraud policies are a subset of the Code of Business Conduct which does not tolerate any activity involving fraud, dishonesty or deception. These policies, for which the Audit Committee retains overall responsibility, set out how allegations of fraud or bribery are dealt with, such as by the local human resources or finance team, and the frequency of local reporting that feeds into the regular updates, which are presented to the Audit Committee. Reporting of these matters to the Audit Committee is managed and overseen by internal audit. The Speak Up policy operates when the complaint is received through the whistleblowing channel and that policy will redirect the alleged fraud or bribery for investigation at the most appropriate level of the organisation which may, for example, be by a member of the local human resources team or, on occasion, the Audit Committee itself.

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

INTERNAL AUDIT

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

INTERNAL CONTROL

The Audit Committee also reviews the integrity of material financial statements made by the Company. The Audit Committee monitors and conducts a robust review of the effectiveness of the Group's internal control systems, accounting policies and practices and compliance controls (including key financial controls) as well as the Company's statements on internal control before they are agreed by the Board for each year's Annual Report. The Board retains overall responsibility for internal control and the identification and management of business risk. The internal audit function is involved in the assessment of the quality of risk management and internal control and helps to promote and further develop effective risk management within the business. Certain internal audit assignments (such as those requiring specialist expertise) continue to be outsourced by the Director of Group Internal Audit as appropriate. The Audit Committee reviews internal audit reports and considers the effectiveness of the function.

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

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

A summary of the key financial risks inherent in the Group's business is given on pages 37 to 39. Risk assessment and evaluation are an integral part of the annual planning cycle. Each business documents the strategic objectives and the effectiveness of the Group's systems of internal control. As part of the review, each significant business and function has been required to identify and document each substantial risk, together with the mitigating actions implemented to manage, monitor and report to management on the effectiveness of these controls. Senior managers are also required to sign biannual confirmations of compliance with key procedures and to report any breakdowns in, or exceptions to, these procedures. Summarised results have been presented to senior management (including to the Executive Board) and to the Board. These processes have been in place throughout the financial year ended 30 September 2014 and have continued to the date of this Report. Taken together, these processes and the reports they generate, which are considered by the Audit Committee, constitute a robust assessment of key risks and the internal controls that exist, designed to mitigate these risks. The Board has reviewed the effectiveness of the Group's system of internal control for the year under review and a summary of the principal control structures and processes in place across the Group is set out in this Report.

CONTROL ENVIRONMENT

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

CONTROL PROCEDURES

The Board reviews its strategic plans and objectives on an annual basis and approves Group budgets and strategies in light of these. Control is exercised at Group, regional and business level through the Group's Management and Performance (MAP) framework and monthly monitoring of performance by comparison with budgets, forecasts and cash targets, and by regular visits to Group businesses by the Group Chief Executive and the Group Finance Director.

This is underpinned by a formal major risk assessment process which is an integral part of the annual business cycle. Each of the Group's businesses is required to identify and document major risks facing their business and appropriate mitigating activities and controls, and monitor and report to management on the effectiveness of these controls on a biannual basis. These reports, together with reports on internal control and departures, if any, from established Group procedures prepared by both the internal and external auditors, are reviewed by the Group Finance Director and the Audit Committee. Group companies also submit biannual risk and internal control assurance letters to the Group Finance Director on internal control and risk management issues, with comments on the control environment within their operations. The Group Finance Director summarises these submissions for the Audit Committee and the Chairman of the Audit Committee reports to the Board on any matters that have arisen from the Audit Committee's review of the way in which risk management and internal control processes have been applied.

The Board has formal procedures in place for approval of client contracts, capital investment and acquisition projects, with clearly designated levels of authority, supported by post investment review processes for selected acquisitions and major capital expenditure. The Board considers social, environmental and ethical matters in relation to the Group's business and assesses these when reviewing the risks faced by the Group; further information regarding environmental and ethical matters is available on pages 40 to 45. The Board is conscious of the effect such matters may have on the short and long term value of the Company. The external auditor of the Company and the Director of Group Internal Audit attend Audit Committee meetings and receive its papers. The Report of the Audit Committee is set out on pages 52 and 53 and the Audit Committee members meet regularly with the Director of Group Internal Audit and the external auditor without the presence of executive management.

There were no changes to the Company's internal control over financial reporting that occurred during the year ended 30 September 2014 that have affected materially, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

COMMUNICATING WITH SHAREHOLDERS

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

There is regular dialogue with institutional shareholders and this has been extended to include private shareholders through the AGM. Contact with institutional shareholders (and with financial analysts, brokers and the media) is controlled by written guidelines to ensure the protection of share price sensitive information that has not already been made generally available to the Company's shareholders. Contact is also maintained, when appropriate, with shareholders to discuss overall remuneration plans and policies.

The primary method of communication with shareholders is by electronic means, helping to make the Company more environmentally friendly by reducing waste and pollution associated with the printing and posting of its Annual Report. The Annual Report and Accounts is available to all shareholders and can be accessed via the Company's website at www.compass-group.com. The Group's annual and interim results are also published on the Company's website, together with all other announcements and documents issued to the market, such as trading updates, interim management statements, interviews and presentations by the Group Chief Executive and Group Finance Director.

The Notice of Annual General Meeting is circulated to all shareholders at least 20 working days prior to such meeting and it is Company policy not to combine resolutions to be proposed at general meetings. All shareholders are invited to the Company's AGM at which they have the opportunity to put questions to the Board and it is standard practice to have the chairmen of the Audit, Corporate Responsibility, Nomination and Remuneration Committees available to answer questions. The results of proxy voting for and against each resolution, as well as abstentions, are announced to the London Stock Exchange and are published on the Company's website shortly after the meeting. Further shareholder information is available on pages 144 and 145.

OTHER STATUTORY DISCLOSURES

DIRECTORS

Particulars of the directors in office at the date of this report are listed on pages 46 and 47. In accordance with the Code, each director will retire and submit himself or herself for election or re-election at the AGM on 5 February 2015.

Sir Roy Gardner stepped down as a director and as Chairman at the conclusion of the AGM on 6 February 2014. As announced in June 2013, Paul Walsh was appointed as a non-executive director from 1 January 2014. He became non-executive Chairman at the conclusion of the AGM on 6 February 2014. As announced on 14 May 2014, Carol Arrowsmith joined the Board on 1 June 2014 and will seek election at the AGM on 5 February 2015.

RESULTS AND DIVIDENDS

In the year ended 30 September 2014, the Group delivered a decrease of 2.4% in Group underlying profit before tax from £1,188 million to £1,159 million and an increase of 59.1% in Group reported profit before tax from £721 million to £1,147 million. An analysis of revenue and operating profit is set out in note 1 to the consolidated financial statements on pages 92 and 93.

A Return of Cash, equating to 56 pence per share, was paid to shareholders on 29 July 2014. The Return of Cash and associated Share Capital Consolidation are described further on page 56.

The Return of Cash is not included in the dividend table on page 56.

A summary of the dividends on ordinary shares for the year ended 30 September 2014 compared with 2013 is shown below:

Year	Dividend	Pence per share
2013	Interim	8.0
2013	Final	16.0
2013	**Total**	24.0
2014	Interim	8.8
2014	Final (recommended)	17.7
2014	**Total**	26.5 (10.5% increase on 2013)

The 2014 interim dividend of 8.8 pence per share (2013: 8.0 pence) was paid to shareholders on 26 June 2014.

Payment of the recommended final dividend, if approved at the AGM to be held on 5 February 2015, will be made on 23 February 2015 to shareholders registered at the close of business on 23 January 2015. The shares will be quoted ex-dividend from 22 January 2015.

During the year, the trustees of each of the employee benefit trusts which operate in connection with the Company's share plans waived their rights to receive dividends on any shares held by them. Details of the trusts can be found on page 57 of this Report. The amount of dividends waived during the year ended 30 September 2014 was £20,677 (2013: £39,643).

A dividend reinvestment plan is available to eligible shareholders. Details can be found on page 144.

SHARE CAPITAL

GENERAL

At the General Meeting (GM) held on 11 June 2014 members voted in favour of the Company's proposals to return approximately £1 billion to shareholders by way of a cash payment of 56 pence per ordinary share of 10 pence each held as at the record time of 6.00pm on 7 July 2014. The cash return was accompanied by a share consolidation whereby shareholders received 16 new ordinary shares of $10\frac{5}{8}$ pence each in the Company for every 17 ordinary shares of 10 pence each held at the record time. This share capital reorganisation was effective and the new shares were admitted to trading on the London Stock Exchange from 8 July 2014. Full details of the Return of Cash and Share Capital Consolidation were set out in a Circular to shareholders dated 19 May 2014 which is available on the Company's website at www.compass-group.com.

At the date of this Report, 1,667,980,436 new ordinary shares of $10\frac{5}{8}$ pence each have been issued, are fully paid up and are quoted on the London Stock Exchange. In addition, the Company sponsors a Level I American Depositary Receipt programme with BNY Mellon, under which the Company's shares are traded on the over the counter market in the form of American Depositary Shares.

During the year ended 30 September 2014, 3,338,288 options were exercised and 1,333,578 awards released pursuant to the Company's share option schemes and long term incentive plans, resulting in the allotment of 4,671,866 new ordinary shares. A further 394,502 new ordinary shares have been allotted under these schemes since the end of the financial year to the date of this Report.

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

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

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

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

More detailed information relating to the rights and obligations attaching to the Company's ordinary shares, in addition to those conferred by law, are set out in the Company's Articles of Association, which are available on the Company's website as well as on pages 24 and 25 of the Annual Report for the year ended 30 September 2007. The 2007 Annual Report is available on the Company's website at www.compass-group.com.

REPURCHASE OF SHARES

On 21 November 2012, the Company announced its intention to commence a £400 million share repurchase programme. This programme was completed on 9 January 2014. On 27 November 2013, the Company announced its intention to commence a £500 million share repurchase programme, to be executed over the 12 month period to the end of 2014. This programme was temporarily suspended following announcement on 14 May 2014 of the £1 billion Return of Cash and Share Capital Consolidation until after completion of this transaction on 29 July 2014. The programme recommenced on 31 July 2014 and is now expected to be completed by the end of 2015.

From 1 October 2013 to 26 March 2014 21,352,881 ordinary shares of 10 pence each were purchased and subsequently cancelled for a consideration of £196 million (including expenses) (representing 1.18% of the ordinary shares in issue on 1 October 2013). From 31 July 2014 to 30 September 2014 8,200,000 ordinary shares of $10\frac{5}{8}$ pence each were purchased and subsequently cancelled for a consideration of £80 million (including expenses) representing 0.49% of the ordinary shares in issue on 8 July 2014. From 1 October 2014 to the date of this Report a further 6,100,000 shares of $10\frac{5}{8}$ pence each of the Company (representing 0.36% of the ordinary shares in issue on 1 October 2014) were purchased and subsequently cancelled for a consideration of £60.6 million (including expenses).

At the AGM a special resolution will be proposed to renew the directors' limited authority to repurchase ordinary shares in the market, last granted at the GM held on 11 June 2014. The directors consider it desirable for these general authorisations to be available in order to maintain an efficient capital structure whilst at the same time retaining the flexibility to fund infill acquisitions.

The authority sets the minimum and maximum prices which may be paid and it will be limited to a maximum of 10% of the Company's issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM. Any purchases of ordinary shares will be by means of market purchases through the London Stock Exchange and any shares purchased may be cancelled or placed into treasury in accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003. The Company currently holds no shares in treasury.

ISSUE OF SHARES

At the AGM, the directors will ask shareholders to renew the authority last granted to them at the GM held in 2014 to allot equity shares representing approximately one third of the issued ordinary shares calculated at the latest practicable date prior to the publication of the Notice of AGM (the section 551 authority) and, in accordance with the Investment Management Association Allotment Guidelines, the directors again propose to extend this by a further one third of the Company's issued ordinary share capital provided that such amount shall only be used in connection with a rights issue. If approved, the authority will expire no later than 15 months from the date on which the resolution is passed, or at the conclusion of the AGM to be held in 2016, whichever is the sooner.

The limited power granted to the directors on 11 June 2014 to allot equity shares for cash other than pro rata to existing shareholders expires no later than 6 May 2015. Subject to the terms of the section 551 authority, the directors recommend that this authority should be renewed. If granted, this authority will give the directors the ability (until the AGM to be held in 2016) to issue ordinary shares for cash, other than pro rata to existing shareholders, in connection with a rights issue or up to a limit of 5% of the issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM. In line with best practice, the Company has not issued more than 7.5% of its issued ordinary share capital on a non prorated basis over the last three years. The directors have no present intention to issue ordinary shares, other than pursuant to the Company's employee share schemes, and this authority will maintain the Company's flexibility in relation to future share issues, including any issues to finance business opportunities, should appropriate circumstances arise.

Details of issues of new shares made during the year, together with details of options granted over unissued capital, are set out in note 24 to the consolidated financial statements on pages 124 to 126.

SUBSTANTIAL SHAREHOLDINGS

The following major shareholdings have been notified to the Company as at 30 September 2014 and the date of this Report.

	% of issued capital[1]	% of Compass Group PLC's voting rights
Blackrock, Inc.	9.99	9.99
Massachusetts Financial Services Company	5.92	5.92

1 At the date of disclosure.

Since the disclosure date, the shareholders' interests in the Company may have changed.

The number of shares held by the directors as at 30 September 2014 can be found on page 75 of the Directors' Remuneration Report.

EMPLOYEE SHARE TRUSTS

The Compass Group Employee Share Trust (ESOP) and The Compass Group Employee Trust Number 2 (CGET) were established on 13 January 1992 and 12 April 2001 respectively in connection with the Company's share option plans. The Compass Group Long Term Incentive Plan Trust (LTIPT) was established on 5 April 2001 in connection with the Company's long term incentive plans. Details of all incentive plans are set out in the Directors' Remuneration Report on pages 59 to 76. The trustees of the ESOP, LTIPT and CGET hold 38,743 (2013: 144,413), 16,198 (2013: 17,209) and nil (2013: nil) ordinary shares of the Company respectively.

The Compass Group Executive Option Share Trust and the Compass Group Executive Share Trust were established on 15 and 22 February 2010 respectively in relation to the operation of share incentive plans in Australia. No ordinary shares are held by these trusts as at 30 September 2014 (2013: nil).

AWARDS UNDER EMPLOYEE SHARE SCHEMES

Details of awards made during the year and held by executive directors as at 30 September 2014 are set out in the Directors' Remuneration Report on pages 59 to 76.

Details of employee share schemes and grants made during the year ended 30 September 2014 to, and extant awards held by, employees are disclosed in note 24 to the consolidated financial statements on pages 124 to 126.

EMPLOYEE POLICIES AND INVOLVEMENT

The Group places particular importance on the involvement of its employees, keeping them regularly informed through informal bulletins and other in-house publications, meetings and the Company's internal websites, on matters affecting them as employees and on the issues affecting their performance. Since 1996 those Group businesses in the European Economic Area (EEA) have been represented on the Compass European Council (CEC) which provides a forum for exchanging information and engaging in consultation on the Group's performance and plans, and relevant transnational issues. The Group's CEC Agreement terminated in December 2012. The Company is currently negotiating a new CEC Agreement through a Special Negotiating Body, comprising employee representatives from each of the countries in which the Group operates within the EEA.

Permanent UK employees are normally invited to join the Company's defined contribution pension scheme, Compass Retirement Income Savings Plan (CRISP), on the completion of two years' service (this includes any service that may have transferred across under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)). CRISP has a corporate trustee. Following the retirement of its independent chairman, Tony Allen, on 30 November 2013, Nigel Palmer, a current employee of the Group, was appointed chairman of the trustees. The other five trustee directors are UK based employees of the Group, two of whom have been nominated by CRISP members. As at the date of this Report, one further member nominated position is vacant.

Those UK employees who transferred from the public sector under TUPE have been eligible to join the Compass Group Pension Plan (the Plan), a defined benefit pension arrangement which is otherwise closed to new entrants. However, under the Government's revised guidance for 'Fair Deal for staff pensions' the expectation is that the Group will now participate in the relevant public sector pension scheme and close the Plan to future new entrants. The Plan also has a corporate trustee. Phillip Whittome succeeded Peter Morriss as independent chairman on 11 October 2013. There are a further six trustee directors, five of whom are either UK based employees or former employees of the Group (three of whom have been nominated by Plan members), and the sixth is an independent trustee director.

The Company became subject to the automatic enrolment regulations for its workforce in the UK on 1 November 2012, but deferred its staging date for automatic enrolment of eligible employees to 2 January 2013 as permitted by the regulations. Both the Plan and CRISP are compliant arrangements under these regulations and have been registered as such. All new UK employees who meet the statutory requirements, and who are not immediately entered into the Plan or CRISP, are automatically enrolled into the National Employment Savings Trust (NEST). The Group's compliance with the auto-enrolment regulations, and the performance of NEST, are kept under regular review by the Group's Pensions Autoenrolment Governance Committee.

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

Employees are offered a range of benefits, such as private medical cover, depending on the local environment. Priority is given to the training of employees and the development of their skills is of prime importance. Employment of disabled people is considered on merit with regard only to the ability of any applicant to carry out the role. Arrangements to enable disabled people to carry out the duties required will be made if it is reasonable to do so. An employee becoming disabled would, where appropriate, be offered retraining.

The Group continues to operate on a decentralised basis. This provides the maximum encouragement for the development of entrepreneurial flair, balanced by a rigorous control framework exercised by a small head office team. Local management teams are responsible for maintaining high standards of health and safety and for ensuring that there is appropriate employee involvement in decision making.

EMPLOYEE DIVERSITY AND HUMAN RIGHTS

Our Code of Ethics was developed in consultation with the CEC and the Institute of Business Ethics and sets out clear standards of behaviour that we expect all of our people to demonstrate and adhere to. The Code of Ethics, which is part of our Code of Business Conduct, underpins our social, ethical and environmental commitments and sends a clear message to our stakeholders of our commitment to responsible business practice. The 10 principles of the United Nations (UN) Global Compact, to which we are a signatory, underpin our own Code of Ethics. This UN initiative encourages companies to make human rights, labour standards, environmental responsibility and anti-corruption part of their business agenda. Our annual Communication on Progress can be viewed at www.unglobalcompact.org.

Our people are instrumental to our success; we respect and value the individuality and diversity that every employee brings to the Group. We base our relationship with our employees on respect for the dignity of the individual and fair treatment for all.

As at 30 September 2014, there were 514,718 (2013: 506,699) people employed by the Group (average number of employees including directors and part-time employees) of whom 288,242 were female (2013: 280,971) and 226,476 were male (2013: 225,728). Of these, 762 were senior managers (575 male, 187 female) (2013: 541 male, 182 female) which include members of our global leadership team and individuals who are statutory directors of the corporate entities whose financial information is included in the Group's consolidated accounts in this Annual Report. In terms of the Company's Board, as at 30 September 2014 there were 10 directors, eight of whom were male and two female. Prior to any appointment to the Board the Nomination Committee gives due regard to diversity and gender with a view to appointing the best placed individual for the role.

We seek to create a positive, open working environment wherever we operate. Our employee policies are set locally to comply with local law within an overall Group framework and we monitor our employee satisfaction and engagement through a number of key performance indicators, details of which can be found on pages 44 and 45 of the Corporate Responsibility section of the Strategic Report.

We also consider the concerns of wider communities where we operate, including national and local interests, utilising our relevant expertise to help contribute to the wellbeing of communities which are appropriate to our business objectives. Furthermore, the Group supports the rights of all people as set out in the UN Universal Declaration of Human Rights (UN Declaration) and considers carefully before doing any business in countries that do not adhere to the UN Declaration.

GREENHOUSE GAS EMISSIONS REPORTING

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible, including the combustion of fuel and the operation of any facility. Details of our emissions during the year ended 30 September 2014 are set out within the Corporate Responsibility section of the Strategic Report on pages 42 and 43 and form part of the Directors' Report disclosures. Further details of the actions which the Group is taking to reduce emissions can also be found in our online Corporate Responsibility Report at www.compass-group.com/cr14.

DONATIONS AND POLITICAL EXPENDITURE

Charitable objectives support the Company's corporate responsibility strategy and have primarily focused on improving the environment, education, health and wellbeing, community engagement and responsible business practice. Donations have included employee involvement through fundraising and financial support.

Group charitable donations	£m
2013	6.7
2014	6.5

Since 2004, shareholders have passed an annual resolution, on a precautionary basis, to approve donations to EU political organisations and to incur EU political expenditure (as such terms were defined under the then relevant legislation) not exceeding a monetary limit approved by shareholders. The Board has consistently confirmed that it operates a policy of not giving any cash contribution to any political party in the ordinary meaning of those words and that it has no intention of changing that policy.

No material amount of corporate funds or paid employee time has been utilised during the year for political activities and, in accordance with the Company's Code of Business Conduct, employees must not engage in any form of lobbying or have contact with political representatives, government employees or public interest groups unless they are doing so legitimately and adhering to internal control processes. Further information regarding the Code of Business Conduct can be found on page 54 of this Annual Report and on the Company's website at www.compass-group.com.

The directors propose to renew the authority granted at the AGM in 2014 for the Group to make political donations and incur political expenditure (as such terms are defined in sections 362 to 365 of the CA 2006) until the Company's next AGM, which they might otherwise be prohibited from making or incurring under the terms of the CA 2006 and which would not amount to 'donations' in the ordinary sense of the word. It is proposed to maintain the limit of such authority at £100,000.

CREST

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

DISCLOSURES REQUIRED UNDER UK LISTING RULE 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4.

SHAREHOLDER SERVICES

Details of services provided to shareholders can be found in the Shareholder Information section on pages 144 and 145 and on the Company's website.

AGM

The Notice of Meeting setting out the resolutions to be proposed at the AGM to be held on 5 February 2015, together with explanatory notes, is set out on pages 146 to 151 of this Annual Report and is also available at www.compass-group.com. The directors consider that each of the resolutions is in the best interests of the Company and the shareholders as a whole and recommend that shareholders vote in favour of all of the resolutions.

On behalf of the Board

MARK WHITE
General Counsel and Company Secretary
26 November 2014

Compass Group PLC
Registered in England and Wales No. 4083914

ANNUAL STATEMENT

DEAR SHAREHOLDER

INTRODUCTION

On behalf of the Board, I am pleased to present the 2013-2014 Directors' Remuneration Report.

I was delighted to be appointed to the Compass Group PLC Board and as Chairman of the Remuneration Committee in June of this year. My thanks go to Sir Ian Robinson, who served as Chairman of the Committee from April 2013, for his support when I took over the role.

In my first annual statement to shareholders, I would like to share with you both the corporate performance and related incentive outcomes for 2013-2014 and our thinking on our longer term approach towards executive remuneration. We informed shareholders, when we published the Company's first remuneration policy last year, that we would present a policy statement designed to operate for three years at the forthcoming Annual General Meeting (AGM), once we had reviewed our policy against the needs of the business and emerging reporting practice. We believe that we have now reached that point and below I have set out the context for the changes that you will see in the following Policy Report.

PERFORMANCE IN 2013-2014

The success of your Company is driven by continued focus on growing revenue in a sustainable and profitable manner. Accordingly, revenue and profit are key measures in our annual bonus plan. I am pleased to report that the Company has continued to perform well against the challenging economic environment in some of the Group's geographies. North America and Fast Growing & Emerging have seen further strong growth and conditions in Europe & Japan have improved. Organic revenue growth is up by 4.1% and operating profit margin increased by 10 basis points compared with 2012-2013, to 7.2%. We have a healthy pipeline of new business across all regions and are well placed to capitalise on exciting growth opportunities.

Cash flow generation remains central to the success of the business in terms of both returns to shareholders and for investment for future growth and therefore is included as a performance measure in both our long and short term incentive plans. To add focus on the efficient and targeted investment of cash, Return on Capital Employed (ROCE) was added last year as a performance measure in the Long Term Incentive Plan (LTIP). The inclusion of Health, Safety and Environment (HSE) measures in our annual bonus plan for all our leadership team globally has emphasised the importance of this key business metric.

During the last 12 months, we have been able to reward shareholders through sustained growth in dividends, our ongoing share buyback programmes, and the £1 billion Return of Cash in July 2014.

The incentive outcomes, as presented in the Annual Remuneration Report on pages 59 to 76, reflect achievement against these key performance factors.

2013-2014 REMUNERATION REVIEW

The Committee has been considering the competitive positioning of remuneration for the Company's executive directors for some time and has revisited this during the last 12 months. The executive team is well established and under the leadership of Richard Cousins has delivered great value to shareholders in the form of outstanding Total Shareholder Return (TSR) growth (455% in the eight years since Richard Cousins' appointment as Group Chief Executive), a progressive dividend and the Return of Cash.

This very strong performance means that Compass is now a much bigger business and is far more valuable for shareholders. But over the same period both bonus opportunities and LTIP awards have remained unchanged at a maximum of 150% of salary, other than for Richard Cousins who became eligible for an LTIP award at a maximum value of 200% of salary in 2010.

The combination of this level of growth and the Company's disciplined and conservative approach to remuneration has meant that our remuneration policy now falls significantly short of the market norm – most of our executive directors are in the lower quartile against their peers when we assess their total remuneration opportunity with companies of our size. We are confident that our executives have and will continue to deliver great value to shareholders and that our performance measures are relevant and appropriate, but the Committee now believes that this gap in total opportunity is too great and that an adjustment to address this is both in the best interests of shareholders and fair to our executive directors.

Maintaining our historic modest approach was at the centre of our deliberations and featured clearly in our consultation with major shareholders. Accordingly, we believe it is appropriate to position our total remuneration opportunity at a moderate but more competitive level by:

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

In addition, to reflect emergent best practice and align with shareholder interests, any LTIP awards made with this increased opportunity will be subject to a two year holding period post vesting. The Committee will also be able to decide whether to grant dividend equivalents on LTIP awards during the vesting period for future awards and to enable the use of market purchased shares for satisfaction of LTIP awards on vesting, to give maximum flexibility for the future.

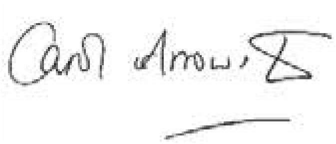
Finally, we will continue to seek to pay base salaries sensibly against the market and to provide shareholders with as much visibility as we can for the year ahead. All executive directors' salaries will be reviewed in January going forward and our expectation is that most directors will be eligible for pay awards in line with our employees in the relevant market. We have typically appointed new executive directors at pay levels below the market rate and then moved their pay up to reflect experience and performance in the role. Dominic Blakemore was appointed as Group Finance Director in February 2012 and this was his first role as a PLC finance director. Dominic has performed very well and so his pay was increased by 9.4% in January 2014. We anticipate a further increment of 14.3% in his pay will be needed in January 2015 to reflect his role and performance and to align his pay better with that of his peers.

CONCLUSION

The principles underlying our executive remuneration philosophy remain unchanged, namely a moderate approach, which enables our executives' remuneration to reflect business performance. We believe that the proposed changes will align our executives' total opportunity with the FTSE 50, where Compass now clearly sits, but remain in line with our overall modest approach, given the size, international reach and performance of the business. The Committee's intent is that this revised policy will be in place for at least three years and that shareholders will vote on it and the accompanying changes in the LTIP rules at the AGM next February.

I have joined Compass at an exciting time. I believe that our modified approach to certain elements of executive remuneration will be in the long term interests of the Company and shareholders, and I look forward to participating in the implementation of our remuneration strategy for the future.

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



CAROL ARROWSMITH
Chairman of the Remuneration Committee
26 November 2014

GOVERNANCE SUMMARY

THE COMMITTEE

The Board sets the Company's Remuneration Policy and the Remuneration Committee (the Committee) is responsible, within the authority delegated by the Board, for determining specific remuneration packages and the terms and conditions of employment for the members of the Executive Board, which comprises the executive directors and other senior executives. The Committee ensures that the members of the Executive Board are provided with the appropriate incentives to enhance the Group's performance and to reward them for their personal contribution to the success of the business. The Committee reviews the remuneration arrangements for Group employees whose salaries exceed a specified level and administers the Company's share incentive plans. The Committee also determines the Chairman's remuneration, although the Board itself determines the level of fees paid to the non-executive directors. No directors are involved in determining their own remuneration. The Committee maintains an active dialogue with shareholder representatives and its full Terms of Reference are set out on the Company's website at www.compass-group.com.

The Committee consists entirely of independent non-executive directors, as defined in the UK Corporate Governance Code (the Code). On 1 June 2014, Carol Arrowsmith succeeded Sir Ian Robinson as Chairman of the Committee. During the year, the Committee comprised the following non-executive directors:

Carol Arrowsmith (Chairman from 1 June 2014)
John Bason
Susan Murray
Don Robert
Sir Ian Robinson (Chairman to 1 June 2014)

Biographical details of the current members of the Committee are set out on pages 46 and 47. The General Counsel and Company Secretary acts as the Secretary to the Committee. The Committee met on four occasions during the year and attendance details are shown in the table on page 51. Details of advisers to the Committee can be found on page 75.

SUMMARY OF COMMITTEE ACTIVITY DURING THE YEAR

The key activities of the Committee during the year ended 30 September 2014 were:

- a review of the draft Directors' Remuneration Report (DRR) for 2012-2013 following consultation with major shareholders and a review of the 2013 AGM voting results
- determination of the extent to which the performance measures for the long term incentive and bonus plans were achieved (including the treatment of the exceptional costs of the European restructuring programme) as well as approving the changed performance criteria for the LTIP, following consultation with, and approval by, shareholders
- annual review of directors' share ownership against the Company's agreed policy and guidelines
- review of salary proposals for the Executive Board effective from 1 January 2014
- determination of proposed bonus targets for 2013-2014
- determination of proposed targets under the LTIP and other incentive schemes operating below executive management level for 2013-2014
- review of the Company's remuneration practice to ensure that the overall remuneration structure continues to promote the Company's long term business strategy
- regular reviews of performance under Group-wide share plans and approval of any discretionary matters for individuals below executive director level
- consideration of the treatment of awards under the Company's share schemes in relation to the Return of Cash and Share Capital Consolidation which completed in July 2014
- agreement to the replacement of future option awards to the wider leadership team across the Group by grants under the LTIP
- approved shareholder engagement programme for 2014 and reviewed the draft DRR for 2013-2014
- determination of the remuneration packages for the executive directors and the Chairman
- annual review of Terms of Reference for the Committee

STRUCTURE AND CONTENT OF DRR

As for last year, this DRR has been prepared on behalf of the Board by the Committee in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations). Because our financial reporting period ends on 30 September, we were one of the first companies last year to prepare the DRR in accordance with the new Regulations, while best practice was still emerging. With this in mind we indicated our intention to submit our Remuneration Policy for approval again this year, in order to take account of any issues emerging from our consultations with shareholders and to reflect any changes or developments as necessary, with the intent that the Policy should then apply for three years. To the extent that changes have been made since last year, these are highlighted clearly in the preceding Annual Statement and within the Policy Report itself. The next two sections of the DRR cover the following matters:

- the Company's intended Remuneration Policy from 5 February 2015 for the next three years, including each of the components of directors' remuneration (the Policy Report)
- how last year's policy (approved by shareholders at the AGM held on 6 February 2014) was implemented in the year ended 30 September 2014 (the Annual Remuneration Report)

The information set out on pages 59 to 76 of this DRR represents the auditable disclosures referred to in the auditor's report on pages 79 and 80 as specified by the UK Listing Authority and the Regulations, save for the total shareholder return graph, Group Chief Executive's remuneration history and remuneration percentage change tables, spend on pay table, details of advice provided to the Committee and statement of shareholder voting.

SHAREHOLDER ENGAGEMENT

The voting outcome at the 6 February 2014 AGM in respect of the DRR for the year ended 30 September 2013 is set out on page 76 and reflected very strong individual and institutional shareholder support. During September 2014, major shareholders were consulted regarding changes to the Remuneration Policy to take effect following approval by shareholders. Shareholders will be invited to approve both our Remuneration Policy for the year ending 30 September 2015 and beyond (which will be a binding vote) and the Annual Remuneration Report for the year ended 30 September 2014 (which will be a non-binding advisory vote), at the Company's AGM on 5 February 2015.

The Committee will continue to be mindful of the concerns of shareholders and other stakeholders, and welcomes shareholder feedback on any issue related to executive remuneration.

REMUNERATION POLICY

REMUNERATION POLICY AND COMPONENTS

The Committee reviews the Company's remuneration philosophy and structure to ensure that remuneration supports the Company's strategic objectives, is in line with best practice and can fairly reward individuals for the contribution that they make to the business. In doing this we have regard to the size and complexity of the Group's operations and the need to motivate and attract employees of the highest calibre.

We have tried to develop our policy to maintain stability in the executive team and to ensure appropriate positioning against our comparator groups. Overall, we believe that our policy (the Policy) is now structured so that the executive directors are fairly rewarded, with the aim to keep reward at or around median, in line with appropriate benchmarks for the markets in which the Company operates. We consider our approach to be moderate and that it will stand the test of time.

The Group has more than 500,000 employees in over 50 different jurisdictions which means that formal consultation with employees in respect of remuneration is impracticable. However, the Committee considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market and economic conditions and to governance trends when assessing the level of salaries and remuneration packages of executive directors and other members of the Executive Board.

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

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

The Committee has the discretion to amend certain aspects of the Policy in exceptional circumstances (as detailed below) when considered to be in the best interests of shareholders. Should such discretion be used, this will be explained and reported in the DRR for the following year.

COMPONENT PARTS OF THE REMUNERATION PACKAGE

The key components of executive directors' remuneration for the period from 5 February 2015 and beyond (the Policy Period) are summarised below:

Component and link to strategy	Operation of the component	Maximum opportunity	Performance measures
BASE SALARY Reflects the individual's role, experience and contribution. Set at levels to attract and retain individuals of the calibre required to lead the business.	Base salaries are reviewed annually with any increases normally taking effect on 1 January of each year. Salaries are appropriately benchmarked and reflect the role, job size and responsibility as well as the performance and effectiveness of the individual.	Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions and the approach to employee pay throughout the organisation. Significant increases may occur when an executive director progresses in the role; gains substantially in experience; there is a significant increase in the scale of the role; has been recruited on a salary below the market median. Where changes in responsibilities or significant variances to the market exist, these will be appropriately explained.	None.

Component and link to strategy	Operation of the component	Maximum opportunity	Performance measures
BENEFITS AND PENSION To provide a competitive level of benefits.	Benefits include, but are not limited to, healthcare insurance for executive directors and their dependants, limited financial advice, life assurance and car benefit. These are offered to executive directors as part of a competitive remuneration package. Executive directors are invited to participate in the Company's defined contribution pension scheme or to take a cash allowance in lieu of pension entitlement.	The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value. For the Company's defined contribution pension scheme or cash allowance, the maximum annual contribution is 35% of base salary.	None.
ANNUAL BONUS Incentivise and reward the achievement of stretching one year key performance targets set by the Committee at the start of each financial year.	The annual bonus is earned by the achievement of one year performance targets set by the Committee at the start of each financial year and is delivered in cash. The Committee retains the discretion to adjust the bonus outcomes to ensure that they reflect underlying business performance. In particular, adjustments may be made for acquisitions and disposals. Bonus measures dependent on Adjusted Free Cash Flow (AFCF) are subject to the caveat that AFCF should not be affected by Board approved capital expenditure or other special or irregular timing differences. A supplementary financial underpin also applies such that the amount payable pursuant to the achievement of the non-PBIT measures may not exceed the on-target payment unless the threshold Group PBIT measure has been achieved. The annual bonus is subject to malus and/or clawback in the event of discovery of a material misstatement in the accounts or in the assessment of a relevant performance condition or where the action or conduct of a participant amounts to fraud or serious misconduct or has a detrimental impact on the reputation of the Group.	The target award for executive directors (excluding the Group Chief Executive) is 75% of base salary, with a further maximum of 75% of base salary available for enhanced performance. 0% of the bonus pays out for below threshold performance but increases on a straight line basis to target payout. Following consultation with major shareholders in 2014, and subject to shareholder approval at the AGM to be held on 5 February 2015, it is proposed that the target award for the Group Chief Executive is 100% of base salary, with a further maximum of 100% for enhanced performance. 0% of the bonus pays out for below threshold performance but increases on a straight line basis to target payout.	Performance is measured over the financial year. Performance measures are determined by the Committee each year and may vary to ensure that they promote the Company's long term business strategy and shareholder value. The bonus measures and their percentage weightings may vary, depending upon a director's area of responsibility. Bonus measures may include, but are not limited to, profit, revenue and cash flow metrics. Strategic KPIs may also be chosen. However, the overall metrics would always be substantially weighted to financial performance measures. Annual bonus targets are set with reference to internal budgets and analyst consensus forecasts, with maximum payout requiring performance well ahead of budget. Details of the specific measures applying to each element of the bonus for the year being reported on and the following financial year are shown in the Annual Remuneration Report on pages 70 and 71.

Component and link to strategy	Operation of the component	Maximum opportunity	Performance measures
LONG TERM INCENTIVE PLAN (LTIP) Incentivise and reward executive directors for the delivery of longer term financial performance and shareholder value. Share based to provide alignment with shareholder interests. ADJUSTED FREE CASH FLOW (AFCF) The generation of cash is fundamental to the ongoing success of the Group and the use of AFCF as an LTIP performance measure directly aligns to this. RETURN ON CAPITAL EMPLOYED (ROCE) In parallel, ROCE supports the strategic focus on growth and margins through ensuring that cash is reinvested to generate appropriate returns. RELATIVE TOTAL SHAREHOLDER RETURN (TSR) The third performance measure of TSR provides direct alignment between the interests of executive directors and shareholders.	An annual conditional award of ordinary shares in the capital of the Company which may be earned after a single three year performance period, based on the achievement of stretching performance conditions. Calculations of the achievement of the targets are independently performed and are approved by the Committee. In order to ensure continued alignment between executive directors' and shareholders' interests, the Committee also reviews the underlying financial performance of the Group and retains its discretion to adjust vesting if it considers that performance is unsatisfactory. Subject to shareholder approval at the AGM on 5 February 2015, in respect of awards made from 2014-2015 onwards, executive directors will be required to hold vested LTIP shares (net of any shares sold to meet tax and social security liabilities) for a period of two years post vesting. Dividend equivalents may be accrued on the shares earned from any awards after the 2015 AGM. Malus and clawback rules operate in respect of the LTIP. The Committee may decide at any time before an award vests, or for a period of three years after an award vests, that any participant will be subject to malus and/or clawback in the event of discovery of a material misstatement in the accounts or in the assessment of a relevant performance condition, or where the action or conduct of a participant amounts to fraud or serious misconduct or has a detrimental impact on the reputation of the Group. Awards are delivered in shares. However, the rules contain excepted provisions to deliver value in cash if necessary (for example, because of securities laws), subject to the discretion of the Committee, determined at any time up to their release. In the event of a change of control, any unvested awards will vest immediately, subject to satisfaction of performance conditions and reduction on a time apportioned basis.	Following consultation with major shareholders, and subject to shareholder approval at the AGM to be held on 5 February 2015, awards may be made with the following maximum levels: • Group Chief Executive: 250% • Other executive directors: 200% For performance measures other than TSR, 0% of the award vests for below threshold performance, increasing to 50% vesting on a straight line basis for achievement of on target performance, increasing to maximum vesting on a straight line basis for achievement of maximum performance. The element of an award based on relative TSR will vest in full for top quartile performance achievement and 25% of that element of the award will vest if performance is at the median. Awards will vest on a straight line basis between median and top quartile performance achievement. No shares will be released for this element of an award if the Company's TSR performance is below the median.	Performance is measured over three financial years. Performance measures are AFCF, improvement in ROCE and TSR, each measure applying to one third of an award. Relative TSR is measured relative to the companies comprising the TSR comparator group at the start of the period (the constituent members of the FTSE 100, excluding financial services companies). For awards made prior to 7 February 2013, 50% of any award was based on AFCF over the three year performance period and 50% on the Company's TSR over the same period relative to the companies comprising the TSR comparator group at the start of the relevant period. LTIP targets are set with reference to internal budgets and analysts' consensus forecasts, with maximum payment requiring performance well ahead of budget. Details of the targets for LTIP awards vesting and granted are set out as required in the Annual Remuneration Report on pages 72 and 73.

NOTES TO THE REMUNERATION POLICY TABLE – CHANGES FROM PRIOR REMUNERATION POLICY

- The Group Chief Executive's annual bonus and LTIP opportunity have been increased to 200% (previously 150%) and 250% (previously 200%) of base salary respectively
- LTIP awards for the other executive directors have been increased to 200% (previously 150%) of salary
- The changes in incentive levels are proposed in order to maintain suitably competitive levels of remuneration for the senior executive population and following consultation with our largest shareholders
- In addition, a two year holding period has been introduced into the LTIP which commences at the end of the three year vesting period. This has been introduced to further strengthen the long term alignment of the executives' remuneration packages with shareholders. It also helps facilitate malus and clawback if required

The executive directors' Remuneration Policy differs from that of other members of the Executive Board solely in respect of quantum of the various components and remuneration. Members of the wider leadership team receive each of the components of remuneration awarded to the executive directors. The wider employee population of the Group will receive remuneration that is considered to be appropriate in relation to their geographic location, level of responsibility and performance.

CLOSED INCENTIVE PLANS

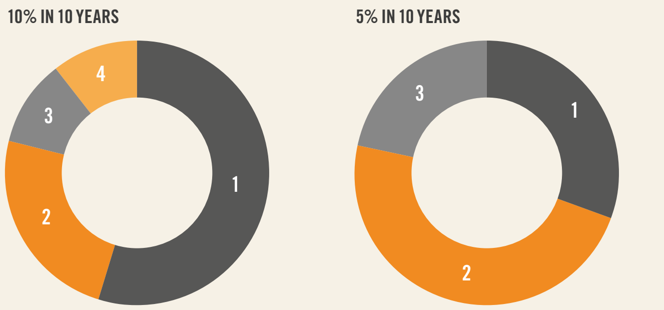
The LTIP described in the table on page 64 is the primary form of equity incentive for executive directors. There are no outstanding awards to executive directors made prior to 2010 under the former long term incentive plan being The Compass Group Long Term Incentive Plan.

DILUTION LIMITS

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

The Committee monitors the position regularly and prior to the making of any award, to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were held or utilised in the year ended 30 September 2014.

As at 30 September 2014, the Company's headroom position, which remains within current Guidelines, was as shown in the charts below:



10% IN 10 YEARS	
1. HEADROOM	5.49%
2. DISCRETIONARY OPTIONS	2.40%
3. LTIP	1.07%
4. ALL-EMPLOYEE	1.04%

5% IN 10 YEARS	
1. HEADROOM	1.53%
2. DISCRETIONARY OPTIONS	2.40%
3. LTIP	1.07%

SHARE OWNERSHIP GUIDELINES

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

Under the guidelines, the Group Chief Executive is required to hold a personal shareholding equal to the value of twice his base salary. Other executive directors are required to hold a personal shareholding equal to the value of one and a half times their base salary, and members of the Executive Board equal to the value of their base salary. Non-executive directors are required to hold a personal shareholding equal to the value of their base fee.

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

If the guideline is not met within this timeframe, then the Committee will discuss with the director a plan to ensure that the guideline is met over an acceptable timeframe. The granting of future LTIP awards to an executive director will be conditional upon reaching the appropriate threshold in the required timeframe.

Details of the interests of directors in shares and equity incentives are set out on page 75 together with the extent to which each of the directors has complied with the guidelines as at 30 September 2014.

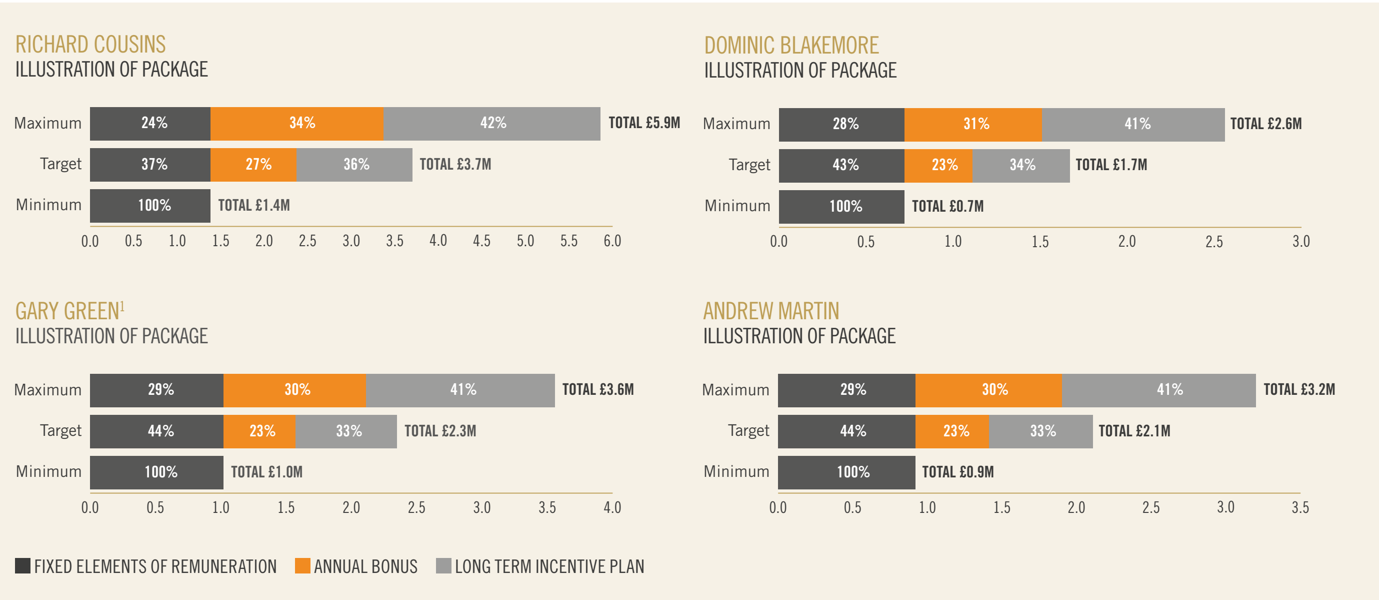
ILLUSTRATIONS OF THE APPLICATION OF OUR REMUNERATION POLICY

The value and composition of the executive directors' remuneration packages for the year ending 30 September 2015 at below threshold, threshold (par or target) and maximum scenarios under the Policy to be voted upon at the forthcoming AGM are set out in the charts below.

The graphs show an estimate of the remuneration that could be received by executive directors under the Policy set out in this Report.

Each bar gives an indication of the minimum amount of remuneration payable, remuneration payable at target performance and remuneration payable at maximum performance to each director under the Policy.

Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP.



The scenarios in the above graphs are defined as follows:

	Minimum	Target performance	Maximum performance
FIXED ELEMENTS OF REMUNERATION	• Base Salary as at 30 September 2014 • Estimated value of benefits provided under the remuneration policy • Cash supplement in lieu of pension of 35% of basic salary		
ANNUAL BONUS (payout as a % maximum opportunity)	0%	50%	100%
LONG TERM INCENTIVE PLAN (vesting as a % maximum opportunity)	0%	54%[2]	100%

1 Note that Gary Green's elements of pay are converted into sterling at an exchange rate of US$1.6579/£1.
2 Based on AFCF and ROCE performance measures vesting at 50% of maximum and the TSR measure paying out at 62.5% of maximum (midway between threshold and maximum payout).

APPROACH TO RECRUITMENT REMUNERATION

The Committee will apply the same remuneration policy during the Policy Period as that which applies to existing executive directors when considering the recruitment of a new executive director in respect of all elements of remuneration, that is: salary, benefits, pension and short term and long term incentives. It is envisaged that the maximum level of variable remuneration which may be granted to a new executive director would be within plan rules and identical to the intended policy maximum opportunity for existing executive directors and the Group Chief Executive. If shareholders approve the recommended new maximum awards permissible under the LTIP, this would be 200% and 250% of base salary in respect of the bonus and LTIP opportunity per annum respectively. However, in exceptional circumstances, the rules allow for a maximum of 400% of base salary to be utilised for the LTIP opportunity.

Other arrangements may be established specifically to facilitate recruitment of a particular individual, albeit that any such arrangement would be made within the context of minimising the cost to the Company. The policy for the recruitment of executive directors during the Policy Period includes the opportunity to provide a level of compensation for forfeiture of bonus entitlements and/or unvested long term incentive awards from an existing employer, if any, and the additional provision of benefits in kind, pensions and other allowances, such as relocation, education and tax equalisation, as may be required in order to achieve a successful recruitment. Any arrangement established specifically to facilitate recruitment of a particular individual would be intended to be of comparable commercial value and capped as appropriate. The quantum, form and structure of any buyout arrangement will be determined by the Committee taking into account the terms of the previous arrangement being forfeited. The buyout may be structured as an award of cash or shares. However, the Committee will normally have a preference for replacement awards to be made in the form of shares, deliverable no earlier than the previous awards. Where an executive director is appointed from either within the Company or following corporate activity/reorganisation, the normal policy would be to honour any legacy arrangements in line with the original terms and conditions.

The policy on the recruitment of new non-executive directors during the Policy Period would be to apply the same remuneration elements as for the existing non-executive directors. It is not intended that variable pay, day rates or benefits in kind be offered, although in exceptional circumstances such remuneration may be required in currently unforeseen circumstances.

The Committee will include in future Annual Reports details of the implementation of the Policy as utilised during the Policy Period in respect of any such recruitment to the Board.

EXECUTIVE DIRECTORS' SERVICE AGREEMENTS

It is the Company's policy that executive directors have rolling service contracts.

The current executive directors' service contracts contain the key terms shown in the table below:

SERVICE CONTRACT KEY TERMS BY PROVISION

Provision	Detailed terms
REMUNERATION	• Base salary, pension and benefits • Company car or cash allowance • Private health insurance for director and dependants • Life assurance • Financial planning advice • 25 days' paid annual leave • Participation in annual bonus plan, subject to plan rules • Participation in LTIP, subject to plan rules
CHANGE OF CONTROL	• No special contractual provisions apply in the event of a change of control
NOTICE PERIOD	• 12 months' notice from the Company • 6 months' notice from the director (12 months' from Richard Cousins)
TERMINATION PAYMENT	Payment in lieu of notice equal to: • 12 months' base salary • Pension supplement • 10% of base salary in respect of benefits All of the above would be paid in monthly instalments, subject to an obligation on the part of the director to mitigate his loss such that payments will either reduce, or cease completely, in the event that the director gains new employment/remuneration
RESTRICTIVE COVENANTS	• During employment and for 12 months after leaving

The historic policy on the payment of bonus on termination, which was in place prior to June 2008, was the provision of a payment, at par or target, of bonus in respect of the notice period, where the Company exercised its right to make a payment in lieu of notice. Messrs Cousins, Green and Martin's service contracts are based on this historic policy. After careful consideration, the Committee concluded that it would not be in shareholders' interests to migrate such contracts onto the policy in place since June 2008. Dominic Blakemore's service contract fully complies with the policy in effect from June 2008. All executive directors' service contracts impose a clear obligation to mitigate such payment should departing executive directors take on new employment or receive alternative remuneration. The Committee believes the obligation to mitigate adequately addresses the issue.

All of the executive directors' service contracts were entered into before 27 June 2012 and have not been modified or renewed on or after that date. As such, remuneration payments or payments for loss of office that are required to be made under them are not required to be (but are) consistent with the Policy.

Whilst unvested awards will normally lapse, the Committee may in its absolute discretion allow for awards to continue until the normal vesting date and be satisfied, subject to achievement of the attendant performance conditions. In such circumstances, awards vesting will normally be prorated on a time apportioned basis, unless the Committee determines otherwise.

Any such discretion in respect of leavers would only be applied by the Committee to 'good leavers' where it considers that continued participation is justified, for example, by reference to prior performance to the date of leaving. The malus and clawback provisions would continue to apply in the event that such discretion was exercised.

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

The senior executives who are members of the Executive Board, and who are referred to in note 3 to the consolidated financial statements on page 97, have similar service contracts.

The executive directors have served on the Board for the periods shown below and have service agreements dated as follows:

	Date of contract	Length of Board service as at 30 Sep 2014
Dominic Blakemore	12 December 2011	2 years, 7 months
Richard Cousins	22 November 2007	8 years, 5 months
Gary Green	27 November 2007	7 years, 9 months
Andrew Martin	27 November 2007	10 years, 6 months

CHAIRMAN

The fee for the Chairman is reviewed annually by the Committee with any increase taking effect on 1 July. In addition to his annual fee, the Chairman is paid a cash sum in lieu of provision by the Company of a car and chauffeur for use on Company business. The Chairman is not entitled to any benefits in kind and is not eligible for pension scheme membership, bonus or incentive arrangements. The Chairman's appointment is terminable without compensation on six months' notice from either side.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The fees for the non-executive directors are reviewed and determined by the Board each year to reflect appropriate market conditions. No increase was effected during the year under review. Following a benchmarking exercise carried out during the year, it was considered that an increase of 3.7% to the level of base fees for non-executive directors was appropriate for the year beginning 1 October 2014. This is the first increase to non-executive director base fees since 2010. The fees for the year ending 30 September 2015 now comprise a base fee of £84,000 per annum which includes membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees.

Subject to a cap on the maximum amount of fees payable to any non-executive director of £125,000 per annum, an additional fee of £22,000 per annum is payable where a non-executive director acts as Chairman of either the Audit or Remuneration Committee and £12,000 is payable to the Chairman of the Corporate Responsibility Committee. An additional fee of £27,000 per annum is also payable for the director nominated as Senior Independent Director. None of these additional fees have been increased with effect from 1 October 2014. Non-executive directors are not eligible for pension scheme membership, bonus, incentive arrangements or other benefits, save reimbursement of travel costs.

Non-executive directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable at three year intervals by mutual consent. In accordance with the Code, all directors offer themselves for annual re-election by shareholders. Details of non-executive directors' appointments, which are terminable without compensation, are set out in the table below, together with the dates on which their appointments have been formally revised:

Non-executive director	Original date of appointment	Letter of engagement	Total length of service as at 30 Sep 2014
Carol Arrowsmith	1 Jun 2014	14 May 2014	4 months
John Bason	21 Jun 2011	10 May 2011 7 May 2014*	3 years, 3 months
Susan Murray	11 Oct 2007	11 Oct 2007 16 Mar 2010* 8 May 2013*	7 years
Don Robert	8 May 2009	8 May 2009 8 May 2012*	5 years, 5 months
Sir Ian Robinson	1 Dec 2006	1 Dec 2006 21 Sep 2009* 14 Nov 2012*	7 years, 10 months

* Date on which appointment was formally revised.

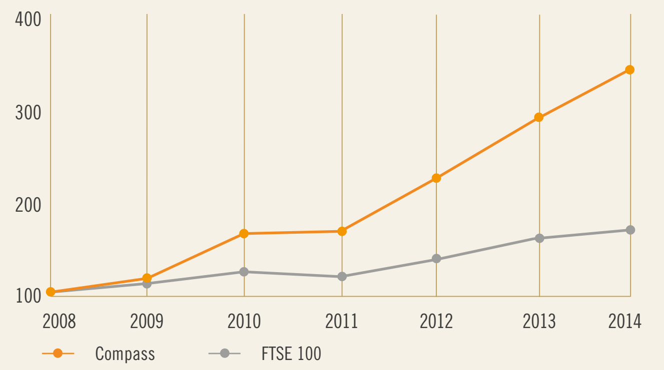
ANNUAL REMUNERATION REPORT

REMUNERATION IN DETAIL FOR THE YEAR ENDED 30 SEPTEMBER 2014

TOTAL SHAREHOLDER RETURN (TSR)

The performance graph below shows the Company's TSR performance against the performance of the FTSE 100 over the six year period to 30 September 2014. The FTSE 100 Index has been chosen as a broad equity market index of which the Company has been a constituent member throughout the period.

TOTAL RETURN INDICES – COMPASS V FTSE 100
(SEPTEMBER)



PAY FOR PERFORMANCE

The Committee believes that the current and proposed executive director remuneration policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Company. To maintain this relationship, the Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows Richard Cousins' total remuneration over the last six years and his achieved annual variable and long term incentive pay awards as a percentage of the plan maxima.

Richard Cousins	Single figure of total remuneration £000	Annual variable element: Award payout against maximum opportunity %	LTIP vesting rates against maximum opportunity %
2014	6,298[1]	87.3	100
2013	5,532[2]	84.5	98.05
2012	4,867[3]	71.8	100
2011	4,410	75.0	100
2010	5,614	96.0	100
2009	5,268	85.0	100

1 Includes LTIP indicative vesting amount of £3.643 million.
2 LTIP indicative vesting amount of £2.960 million was disclosed in the 2013 Annual Report. Actual gain was £2.928 million.
3 LTIP indicative vesting amount of £2.451 million was disclosed in the 2012 Annual Report. Actual gain was £2.507 million.

PERCENTAGE CHANGE IN REMUNERATION OF GROUP CHIEF EXECUTIVE

In the year ended 30 September 2014, Mr Cousins received 0.41% salary and 6.45% bonus more than the equivalent amounts for the year ended 30 September 2013. He received 4.55% less in taxable benefits in 2013-2014 than in the previous year. The average percentage increases for all full-time equivalent employees based in the UK were 1.3%, 72% and 4.3% respectively. The UK employee workforce was chosen as the most suitable comparator group as Mr Cousins is based in the UK and pay changes across the Group vary widely depending on local market conditions. However, the nature of Mr Cousins' global role and responsibilities makes meaningful comparisons with any group of employees difficult and due caution should be exercised in this regard.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the amounts paid in share buybacks, dividends and total employee costs for the years ended 30 September 2013 and 2014.

Dispersals	**2014 £m**	2013 £m	Change %
Share buybacks[1]	**280**	446	(37.2)
Dividends paid[2]	**444**	404	9.9
Return of Cash[3]	**1,000**	Nil	n/a
Total employee costs[4]	**7,794**	8,131	(4.1)

1 56.3 million shares were repurchased during the year ended 30 September 2013 in completion of the £500 million buyback and under the £400 million buyback announced on 21 November 2012. 11.3 million shares were repurchased during the year ended 30 September 2014 in completion of the £400 million buyback programme announced on 21 November 2012 and 18.2 million shares were repurchased during the year ended 30 September 2014 under the £500 million buyback announced on 27 November 2013.
2 The total dividend paid during the year ended 30 September 2013 was £404 million and share capital in issue on that date was 1,804 million ordinary shares. The total dividend paid during the year ended 30 September 2014 was £444 million and share capital in issue on that date was 1,674 million ordinary shares. The full year dividend per ordinary share for the year ended 30 September 2014 increased by 10.5%.
3 The Company returned £1 billion to shareholders in July 2014, accompanied by a share capital consolidation, comprising a return of 56 pence per ordinary share prior to such consolidation.
4 Total employee costs for continuing and discontinued operations, includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including directors. The figure for 2013 included £59 million of exceptional costs. Total salary costs in Europe & Japan have decreased due to a restructuring programme. The average number of employees, including directors and part-time employees in continuing and discontinued operations, was 514,718 (2014) and 506,699 (2013).

DIRECTORS' SINGLE TOTAL FIGURE OF REMUNERATION

The table below sets out in a single figure the total amount of remuneration, including each element, received by each of the executive directors for the year ended 30 September 2014.

SINGLE TOTAL FIGURE TABLE

	Base Salary[2] £000		Taxable Benefits[3] £000		Bonus[4] £000		LTIP £000		Pension[7] £000		Total £000	
Director	2014	2013	2014	2013	2014	2013	2014[5]	2013[6]	2014	2013	2014	2013
Dominic Blakemore	**510**	480	**16**	16	**688**	608	**1,217**	–	**179**	168	**2,610**	1,272
Richard Cousins	**970**	966	**42**	44	**1,303**	1,224	**3,643**	2,960	**340**	338	**6,298**	5,532
Gary Green[1]	**721**	748	**38**	45	**1,090**	1,116	**2,062**	1,708	**255**	262	**4,166**	3,879
Andrew Martin	**650**	650	**43**	47	**928**	878	**1,656**	1,332	**228**	228	**3,505**	3,135
Total by component	**2,851**	2,844	**139**	152	**4,009**	3,826	**8,578**	6,000	**1,002**	996	**16,579**	13,818

1 Gary Green's salary of US$1.950 million and his other emoluments are shown in sterling at an exchange rate of US$1.6579/£1 (2013: US$1.5652/£1).
2 Salary increases of 3% for Messrs Cousins and Green were implemented on 1 July 2014 and 1 January 2014 respectively. Dominic Blakemore received a salary increase of 9.4% on 1 January 2014 in recognition of his progression in the role and gain in experience.
3 Taxable benefits comprise healthcare insurance, limited financial advice, life assurance and car benefit.
4 Details of the performance measures and weighting as well as achieved results for the bonus and LTIP components are shown below.
5 LTIP 2014: Amount shown is the vesting value as at 26 November 2014 (the date of vesting) of LTIPs that have become receivable as a result of the achievement of conditions relating to performance in the three years ended 30 September 2014, calculated in accordance with the Regulations.
6 LTIP 2013: Amount shown is indicative vesting value on 13 November 2013. The value subsequently received by Messrs Cousins, Green and Martin, based on the closing share price on the day prior to release was £2,928,465, £1,689,922 and £1,317,798 respectively, equating to a total combined sum received of £5,936,185, or £64,000 less than the indicative value reported.
7 Pension: A supplement of 35% of base salary is paid in monthly instalments in lieu of pension participation.

The annual rate of base salaries of the executive directors for the year ended 30 September 2014 were:

Director	Base Salary	Effective Date	Increase	Reason
Dominic Blakemore	£525,000	1 January 2014	9.4%	Progression in the role; gain in experience
Richard Cousins	£994,465	1 July 2014	3%	Benchmarked v comparator group
Gary Green	US$1,205,182	1 January 2014	3%	Benchmarked v comparator group
Andrew Martin	£650,000	1 January 2014	Nil	Benchmarked v comparator group

The annual rate of base salaries of the executive directors from 1 January 2015 are:

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

Non-executive directors receive fees only, which are shown on page 74, together with the Chairman's fees and benefits. The aggregate total amount of remuneration received by all directors during the year ended 30 September 2014 is shown below:

	2014 £000	2013 £000
Executive directors	**16,579**	13,818
Chairman and non-executive directors	**1,002**	940
Total	**17,581**	14,758

2013-2014 BONUS

PERFORMANCE MEASURE OUTCOMES

The financial targets for the bonus for the year ended 30 September 2014, and the extent to which they were achieved, were as set out below. The achievement of targets is calculated on a straight line basis between Minimum and Par (target) and between Par (target) and Maximum. As was the case for previous years, the measurement of the achievement of the AFCF and PBIT results is based on the underlying outcome achieved in the financial year, so that charges, such as those related to the European exceptional and goodwill impairment, are excluded.

Financial Measures[1]	Minimum	Par (target)	Maximum	Achieved
PBIT[2]	£1,295m	£1,321m	£1,347m	£1,353m
AFCF[3]	£782m	£798m	£814m	£806m
Revenue Growth	+2.5%	+3.5%	+4.5%	+4.2%

1 Financial measures for 2013-2014 bonus purposes are all set at 2014 budget rates, not actuals.
2 PBIT is underlying profit before interest and tax.
3 AFCF is adjusted free cash flow.

HSE Improvement	2013-2014 Target	2013-2014 achieved	Target achieved
Lost Time Injury Rate	5.91	4.95	Yes
Food Safety Incident Rate	0.39	0.36	Yes

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

	Dominic Blakemore	Richard Cousins	Gary Green	Andrew Martin
Measure	% of performance target achieved	% of performance target achieved	% of performance target achieved	% of performance target achieved
PBIT	55/55	55/55	60/60	55/55
AFCF	11.25/15	11.25/15	–	–
MAWC[1]	–	–	15/15	15/15
ORG[2]	21.08/25	21.08/25	25/25	22.7/25
HSE	0/5[3]	0/5[3]	–[4]	2.5/5
Total	**87.3/100**	**87.3/100**	**100/100**	**95.2/100**

1 MAWC is 12 months average working capital balance.
2 ORG is organic revenue growth.
3 Messrs Blakemore and Cousins waived their entitlements to any bonus related to the achievement of HSE related targets to recognise that the Group had suffered two fatalities during the year, one in South Africa and the other in Mexico, which had occurred whilst each employee had been at work.
4 HSE for the North American business is measured through PBIT.

BONUS PAYOUT

The outcome of the annual bonus for the year ended 30 September 2014 was due to the strong underlying financial performance aligned with the delivery of the Group's long term strategy. The table below shows the resulting payout to each executive director in such capacity:

	2013-2014 bonus payment (as % of base salary)	Value of bonus
Dominic Blakemore	130.99%	£687,724
Richard Cousins	130.99%	£1,302,699
Gary Green	150.00%	US$1,807,773
Andrew Martin	142.80%	£928,200

No discretion was applied by the Committee in respect of directors' bonuses for the year under review. The rules of the current annual bonus plan do not include any deferment of payment of any element of the same.

2014-2015 BONUS

PERFORMANCE MEASURES

The annual bonus elements for executive directors for the year ending 30 September 2015 are:

Measure	Dominic Blakemore	Richard Cousins	Gary Green	Andrew Martin
PBIT	60%[1]	60%[1]	60%[2]	55%[2]
AFCF	15%	15%	–	–
MAWC	–	–	15%[3]	15%[3]
ORG	20%[4]	20%[4]	25%[5]	25%[5]
HSE	5%	5%	–[6]	5%
Total	**100%**	**100%**	**100%**	**100%**

1 PBIT on a Group-wide basis.
2 PBIT split between Group PBIT and PBIT for region of responsibility (Mr Green: 5% Group / 55% Regional; Mr Martin: 5% Group / 50% Regional).
3 MAWC for region of responsibility.
4 ORG on a Group-wide basis.
5 ORG for region of responsibility.
6 HSE for the North American business is measured through PBIT.

The Committee has set the targets for the annual bonus plan for the year ended 30 September 2015 but has chosen not to disclose the details in this Report as it is the opinion of the Committee that it may be seriously prejudicial to the interests of the Company to do so, and our major competitors do not disclose their targets or projected forecasts. However, the specific targets and the extent to which the targets have been met will be disclosed in next year's Report.

LONG TERM INCENTIVE AWARDS

During the year ended 30 September 2014, executive directors received a conditional award of shares which may vest after three year performance periods which will end on 30 September 2016, based on the achievement of stretching performance conditions. The maximum levels achievable under these awards are set out in the table below:

Director	LTIP award (as a % of base salary)	Face value of award[1] £000
Dominic Blakemore	150%	719
Richard Cousins	200%	1,929
Gary Green	150%	1,120
Andrew Martin	150%	974

1 Face value of award as at the date of grant on 29 November 2013 based on the market price of 921.00 pence per share on that day.

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

Definition of measure	Weighting
Adjusted FCF Adjusted FCF includes capital expenditure, net interest and net tax spend but excludes discontinued activities, acquisition spend, disposal proceeds, and unusual or irregular timing differences.	⅓
ROCE improvement The definition aims to measure the underlying economic performance of the Company. ROCE is calculated using constant currency values for the underlying operating profit, net of tax at the underlying rate for the year, and after profit relating to non-controlling interests. The capital employed figure excludes the post-employment benefit asset/liability, net of deferred tax, impaired goodwill, amortised intangibles arising on acquisitions and the net assets relating to non-controlling interests.	⅓
TSR Performance compared to that of constituent members of the FTSE 100 (excluding financial services companies). TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three year performance period).	⅓

In setting the performance targets, the Committee considers internal budgets and the Group's strategic plan, market expectations and general economic conditions. The table below shows the targets against which performance has been measured to determine the vesting of the grant of awards for the year ended 30 September 2014 and forms part of the Policy detailed in the Policy Report on pages 62 to 68.

TARGETS FOR AWARDS VESTED IN RESPECT OF THE YEAR ENDED 30 SEPTEMBER 2014

AFCF TARGET

Level of performance	Vesting % of each component	AFCF
Threshold	0%	£2,360m
Maximum	100%	£2,478m

TSR TARGET

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

The table below shows the targets against which performance will be measured to determine the vesting of the grant of awards for the year ending 30 September 2015 and forms part of the Policy detailed in the Policy Report on pages 62 to 68.

TARGETS FOR AWARDS PROPOSED TO BE MADE IN THE YEAR ENDING 30 SEPTEMBER 2015

AFCF AND ROCE TARGETS

Level of performance	Vesting % of each component	AFCF	ROCE
Threshold	0%	£2,231m	19.0%
Par (target)	50%	£2,348m	19.9%
Maximum	100%	£2,465m	20.4%

TSR TARGET

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

Such awards are proposed to be made after the AGM on 5 February 2015.

The vesting of the shares under each performance condition is independent. Therefore, the total vesting amount is based on the relevant percentage achievement for each performance measure.

Awards vest on a straight line basis between threshold and par and between par and maximum. If performance under a component does not reach the threshold level, vesting for that component will be nil. At the end of the performance period, the Committee will review the underlying financial performance of the Company and retain its discretion to adjust vesting if it considers that financial performance is unsatisfactory.

The Committee will review annually whether the measures and targets described above remain appropriate and challenging. Calculations of the achievement of the targets will be independently performed and approved by the Committee. The Committee will retain discretion to adjust for material events which occur during the performance period and will make full and clear disclosure of any such adjustments in the DRR, together with details of the achieved AFCF, ROCE and TSR performance, as determined by the above definitions, at the end of the performance period.

LONG TERM INCENTIVE PLAN PERFORMANCE

As the AFCF and TSR performance measures were achieved in full at the end of the three year performance period, the LTIP awards made during the 2011-2012 financial year vested at 100%. Shares will be delivered to individuals following the release of the preliminary results for the year ended 30 September 2014. In this context, the European exceptional charge that was announced in the year ending 30 September 2012 impacted the outcome of the AFCF element of the award, as did the interest that was paid on the additional funding that was assumed by the Company in connection with the Return of Cash. As these charges were determined to be in the best interests of shareholders, but their impact on AFCF was outside the control of management, the Committee decided to adjust the original AFCF targets to exclude the impact of these two matters as they both arose well after the award of the 2011-2012 LTIP had been made and each has produced significant returns for shareholders.

2011-2012 LTIP PERFORMANCE PERIOD ENDED 30 SEPTEMBER 2014 AND VESTED 26 NOVEMBER 2014

	Performance conditions				
Director	TSR % vested on maturity[1]	AFCF % vested on maturity	Number of shares awarded	Number of shares vested	Value of shares on vesting date £000
Dominic Blakemore	100%	100%	114,832	114,832	1,217
Richard Cousins	100%	100%	343,720	343,720	3,643
Gary Green	100%	100%	194,516	194,516	2,062
Andrew Martin	100%	100%	156,186	156,186	1,656

1 TSR ranking was 12th in its comparator group.

The table below sets out the percentage of each LTIP award made to executive directors within the last five years which has vested and the percentage of each extant award, had it vested on 30 September 2014:

Year of award	Maturity date	Performance conditions	TSR % vested on maturity or indicative vesting percentage	ROCE % vested on maturity	AFCF % vested on maturity
2009-2010	1 Oct 2012	TSR/AFCF	100%	n/a	100%
2010-2011	1 Oct 2013	TSR/AFCF	96.1%	n/a	100%
2011-2012	1 Oct 2014	TSR/AFCF	100%	n/a	100%
2012-2013	1 Oct 2015	TSR/AFCF/ROCE	100% (after 24 months)	55% (after 24 months)	73% (after 24 months)
2013-2014	1 Oct 2016	TSR/AFCF/ROCE	87.5% (after 12 months)	50% (after 12 months)	21% (after 12 months)

AFCF targets for each of the last three years are shown within note 25 to the consolidated financial statements on pages 126 to 130.

EXTANT EQUITY INCENTIVE AWARDS HELD BY EXECUTIVE DIRECTORS

Details of all existing equity incentive awards as at the date of this Report, including the awards conditionally made under the long term incentive plans to the executive directors in office during the year ended 30 September 2014, are shown in the table below. None of the executive directors hold any extant award under any previously operated share option scheme:

LTIP

Director	As at 30 Sep 2013: number of shares	Awarded during the year: number of shares	Released during the year: number of shares	Lapsed during the year: number of shares	**As at 30 Sep 2014: number of shares**	Market price at date of award: pence	Date of award	Maturity date
Dominic Blakemore	114,832	–	–	–	**114,832**	624.50	17 May 2012	1 Oct 2014
	92,664	–	–	–	**92,664**	775.00	12 Feb 2013	1 Oct 2015
	–	78,090	–	–	**78,090**	926.00	2 Dec 2013	1 Oct 2016
Total	**207,496**	**78,090**	**–**	**–**	**285,586**			
Richard Cousins	321,678	–	315,405	6,273	**–**	548.00	25 Nov 2010	1 Oct 2013
	343,720	–	–	–	**343,720**	551.00	25 Nov 2011	1 Oct 2014
	248,517	–	–	–	**248,517**	775.00	12 Feb 2013	1 Oct 2015
	–	209,436	–	–	**209,436**	926.00	2 Dec 2013	1 Oct 2016
Total	**913,915**	**209,436**	**315,405**	**6,273**	**801,673**			
Gary Green	185,630	–	182,010	3,620	**–**	548.00	25 Nov 2010	1 Oct 2013
	194,516	–	–	–	**194,516**	551.00	25 Nov 2011	1 Oct 2014
	142,728	–	–	–	**142,728**	775.00	12 Feb 2013	1 Oct 2015
	–	121,620	–	–	**121,620**	926.00	2 Dec 2013	1 Oct 2016
Total	**522,874**	**121,620**	**182,010**	**3,620**	**458,864**			
Andrew Martin	144,754	–	141,931	2,823	**–**	548.00	25 Nov 2010	1 Oct 2013
	156,186	–	–	–	**156,186**	551.00	25 Nov 2011	1 Oct 2014
	125,481	–	–	–	**125,481**	775.00	12 Feb 2013	1 Oct 2015
	–	105,747	–	–	**105,747**	926.00	2 Dec 2013	1 Oct 2016
Total	**426,421**	**105,747**	**141,931**	**2,823**	**387,414**			

Notes:

50% of each award granted prior to 7 February 2013 is based on a three year AFCF target, and 50% is based on growth in the Company's TSR relative to the FTSE 100, excluding its financial services constituents.

One third of each award granted from 7 February 2013 is based on a three year AFCF target, one third on a ROCE improvement target and one third on growth in the Company's TSR relative to the FTSE 100, excluding its financial services constituents.

Aggregate gross gains realised by Messrs Cousins, Green and Martin were £5,936,185.03 in the year ended 30 September 2014. The share price at the time of release of their awards was 919.50 pence per share.

The market price on 26 November 2014, the date of vesting of the award made on 25 November 2011, was 1060.00 pence per share.

All awards were granted for nil consideration.

The highest mid-market price of the Company's ordinary shares during the year ended 30 September 2014 was 1049.99 pence per share and the lowest was 822.78 pence per share. The year end price was 996.50 pence per share.

PENSIONS

At 30 September 2014, there were no executive directors actively participating in any Compass Group defined benefit pension arrangements and none of the executive directors was accruing additional entitlement to benefit under any arrangements that existed prior to their appointment as executive directors.

Dominic Blakemore, Richard Cousins and Gary Green each receive a salary supplement equal to 35% of their base salaries in lieu of pension. Andrew Martin has, since 6 April 2006, received a salary supplement equal to 35% of his base salary and has waived all rights to his final salary pension, money purchase pension and unfunded unapproved pension relating to his employment prior to that date.

EXIT PAYMENTS

No executive directors left the Company during the year ended 30 September 2014 and therefore no payments for compensation for loss of office were paid to, or receivable by, any director (30 September 2013: nil). No payments (other than regular pension benefits which were commenced in previous years) were made during the year ended 30 September 2014 to any past director of the Company. No payment for compensation for loss of office was paid to Sir Roy Gardner when he retired as Chairman and as a director on 6 February 2014.

EXTERNAL APPOINTMENTS

Executive directors may take up one non-executive directorship outside of the Group subject to the Board's approval, provided that such appointment is not likely to lead to a conflict of interest. It is recognised that non-executive duties can broaden experience and knowledge which can benefit the Company. Dominic Blakemore, Richard Cousins and Andrew Martin received fees of €100,434, £56,000 and £60,000 during the year in respect of their directorships of Shire plc, Reckitt Benckiser Group plc and easyJet plc respectively, which they were permitted to retain. Richard Cousins retired as a director of Reckitt Benckiser on 7 May 2014. As at the date of this Report, Richard Cousins had been appointed a non-executive director of Tesco PLC with effect from 1 November 2014. Any remuneration received by Richard Cousins in respect of this appointment will be reported in next year's DRR.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Chairman, Paul Walsh, who succeeded Sir Roy Gardner as Chairman on 6 February 2014, had a letter of engagement dated 19 June 2013 in respect of his original appointment as a non-executive director for a period of three years from 1 January 2014. Mr Walsh became Chairman at the conclusion of the AGM on 6 February 2014. He received a base fee of £81,000 per annum initially, increasing to £475,000 per annum on his appointment as Chairman. In addition, £50,000 plus VAT per annum is being paid in lieu of the provision by the Company of a car and chauffeur for use on Company business. Following consideration by the Committee during the year ended 30 September 2014, the Chairman's fee of £475,000 per annum, which was set at the time of his appointment, was determined to be appropriate at the time of review and no increase was effected.

Details of amounts received by Paul Walsh and Sir Roy Gardner during the year ended 30 September 2014 are shown below:

Chairman	Fees £000	Benefits[2] £000	2014 £000	2013 £000
Paul Walsh	**318**[1]	**50**	**368**	n/a
Sir Roy Gardner	**151**[3]	**51**	**202**	494

1 Non-executive director fee of £81,000 per annum prorated from 1 January 2014 to 6 February 2014 plus Chairmanship fee of £475,000 per annum prorated from 6 February 2014 to 30 September 2014.
2 Benefits include healthcare insurance, limited financial advice, life assurance and car benefit.
3 Chairmanship fee of £432,806 per annum prorated from 1 October 2013 to 6 February 2014.

Details of the fees paid to each of the non-executive directors in office for the year ended 30 September 2014 are set out below:

	2014 £000	2013 £000
Carol Arrowsmith[1]	**34**	–
John Bason	**103**	103
Susan Murray	**93**	93
Don Robert	**81**	81
Sir Ian Robinson[2]	**121**	103
Total	**432**	380

1 Carol Arrowsmith joined the Board as a non-executive director and Chairman of the Remuneration Committee on 1 June 2014.
2 Sir Ian Robinson became the Senior Independent Director and Remuneration Committee Chairman from 10 April 2013. He stepped down as Remuneration Committee Chairman on 1 June 2014.

SHARE OWNERSHIP GUIDELINES AND DIRECTORS' INTERESTS IN SHARES

In order that their interests are linked with those of shareholders, directors are expected to build up and maintain a personal shareholding in the Company as set out in the share ownership guidelines as described on page 65 of the Policy.

The Committee reviewed and noted that the guidelines were satisfied by all directors during the year. The interests of the directors in office during the year ended 30 September 2014 in shares and share incentives are shown in the table below:

	Beneficial		Conditional			
Director	**Shares held as at 30 Sep 2014**[1]	Shares held as at 30 Sep 2013	**LTIP holdings as at 30 Sep 2014**	LTIP holdings as at 30 Sep 2013	Shareholding required[2]	Compliance with Shareholding guidelines[3]
Carol Arrowsmith	**4,035**	n/a	**n/a**	n/a	1 x	√
John Bason	**10,714**	8,454	**n/a**	n/a	1 x	√
Dominic Blakemore[4]	**–**	–	**285,586**	207,496	1.5 x	√
Richard Cousins	**1,515,815**	1,527,922	**801,673**	913,915	2 x	√
Sir Roy Gardner	**n/a**	192,678	**n/a**	n/a	1 x	√
Gary Green	**471,725**	619,198	**458,864**	522,874	1.5 x	√
Andrew Martin	**611,764**	650,000	**387,414**	426,421	1.5 x	√
Susan Murray	**12,234**	13,000	**n/a**	n/a	1 x	√
Don Robert	**28,235**	30,000	**n/a**	n/a	1 x	√
Sir Ian Robinson	**14,117**	15,000	**n/a**	n/a	1 x	√
Paul Walsh	**11,411**	n/a	**n/a**	n/a	1 x	√

1 Following the Return of Cash and associated Share Capital Consolidation of 8 July 2014 whereby 17 ordinary shares of 10 pence each were replaced by 16 new ordinary shares of 10⅝ pence each in the Company.
2 As a multiple of base salary or fee.
3 Requirement to achieve by 1 October 2014, or within four years of appointment, if later.
4 Dominic Blakemore was recruited to the Board in 2012 and is intending to build his share ownership in the Company progressively. He is expected to receive approximately 60,000 shares in the Company following vesting of the 2011-2012 LTIP in November 2014 and after the payment of tax and social security liabilities.
Interests shown include the interests of connected persons.

There were no changes in directors' interests between 30 September 2014 and 26 November 2014.

REMUNERATION OF OTHER SENIOR EXECUTIVES AND MANAGEMENT

A number of senior executives and the executive directors comprise the Executive Board. These key management roles influence the ability of the Group to meet its strategic targets. The Committee has regard to the remuneration level and structure of this group whose total remuneration including salary and other short term benefits, target (or par) bonus and the expected value of long term incentives is summarised in note 3 to the consolidated financial statements on page 97.

REMUNERATION ADVICE

The Chairman and the Group Chief Executive, together with Jane Kingston (Group Human Resources Director) and Harriet Kemp (Director of Group Reward & People Processes), are normally invited to attend each Committee meeting and provide advice and guidance to the Committee (other than in respect of their own remuneration) for which they are not paid a fee in addition to their salaries from the Company under their service contracts. Details of the members of the Committee who served during the year ended 30 September 2014 are set out on page 61.

The Committee also has access to detailed external information and research on market data and trends from independent consultants. During the year, the Company retained PricewaterhouseCoopers LLP (PWC) to advise on compensation related matters, including undertaking a benchmarking exercise in respect of the remuneration of the Chairman and non-executive directors and of the Executive Board including the Group Chief Executive, for which they received total fees (based on hours spent) of £50,350 (2013: £40,650).

Alithos Limited (Alithos) provided information for the testing of the TSR performance conditions for the Company's LTIP awards, for which they received fixed fees of £24,000 (2013: £24,000). They also provided the TSR performance graph for the Directors' Remuneration Report, for which they received a fixed fee of £500 (2013: £500).

Alithos was appointed by the Company in 2002 and PWC was appointed in 2007 (renewed in 2011). Both appointments were made with the approval of the Committee following a selection exercise. Alithos did not provide any other advice or services to the Company during the year. PWC provided services globally which comprised pension, expatriate, internal audit, merger and acquisition, due diligence, tax and other consultancy advice. The Committee is satisfied that the advice it received during the year was objective and independent, based on the experience of its members generally, including Carol Arrowsmith, Chairman of the Committee, who was formerly a remuneration consultant with Deloitte LLP and Susan Murray who has recent experience of being a member of the remuneration committees of other quoted companies, including one as Chair of the committee.

SHAREHOLDER VOTE ON 2013 DIRECTORS' REMUNERATION REPORT

The table below shows the voting outcome at the 6 February 2014 AGM for the 2013 Remuneration Policy (binding vote) and Annual Remuneration Report (advisory vote):

	Number of votes 'For' & 'Discretionary'	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'[1]
Remuneration Policy	1,295,245,629	97.79	29,294,670	2.21	1,324,540,299	20,969,315
Annual Remuneration Report	1,298,778,448	99.11	11,674,740	0.89	1,310,453,188	35,058,273

1 A vote withheld is not a vote in law.

97.79% of the binding votes cast were for the approval of the Remuneration Policy, with 2.21% against (with 1.58% of the total number of votes cast abstaining). For the advisory votes cast for the Annual Remuneration Report, 99.11% were in approval of the Resolution, with 0.89% against (with 2.67% of the total number of votes cast abstaining).

Extensive consultation with shareholder bodies and a number of large institutional investors was conducted during the year in connection with the proposed increase to maximum awards under and other changes to the LTIP which are subject to approval by shareholders, as detailed in the Annual Statement and the Policy Report on pages 59 to 68. The Committee welcomed the endorsement of these proposals by shareholders and took steps, wherever practicable, to understand shareholders' concerns when withholding their support.

At the AGM on 5 February 2015, shareholders will be invited to vote on the Policy contained in the Policy Report and on the Annual Remuneration Report for 2013-2014.

On behalf of the Board

CAROL ARROWSMITH
Chairman of the Remuneration Committee
26 November 2014

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' RESPONSIBILITIES

The Annual Report and Accounts complies with the Disclosure and Transparency Rules (DTR) of the United Kingdom's Financial Conduct Authority and the UK Corporate Governance Code in respect of the requirements to produce an annual financial report.

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

We confirm that to the best of our knowledge:

- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy
- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards
- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Annual Report and Accounts includes a review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

On behalf of the Board

MARK WHITE
General Counsel and Company Secretary
26 November 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The directors have permitted the auditor to take whatever steps and undertake whatever inspections it considers to be appropriate for the purpose of enabling it to give its audit opinion.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1 OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Compass Group PLC for the year ended 30 September 2014 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and Parent Company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity, the accounting policies and the related notes. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

VALUATION OF GOODWILL

Refer to page 52 (Governance and Directors' Report), page 89 (accounting policy) and page 104 (financial disclosures).

- *The risk:* The Group's balance sheet includes a significant UK goodwill balance relating to historical acquisitions. The risk is that the aggregated book value of the goodwill in the UK exceeds its recoverable amount and therefore should be written down in value. This is due to changes in the discount rate applied and changes in long term growth expectations. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgemental areas that our audit is concentrated on.
- *Our response:* In this area our audit procedures included, among others, testing of the Group's budgeting procedures upon which the forecasts are based and the principles and integrity of the UK's discounted cash flow model. We evaluated the assumptions and methodologies used by the UK, in particular those relating to the forecast revenue growth and working capital, including assessing the reasonableness of the forecast revenue growth against historical growth rates. We compared the UK's assumptions to externally derived data as well as our own assessments in relation to key inputs such as projected economic growth and discount rates, as well as performing a sensitivity analysis on the assumptions. We also assessed the adequacy of the Group's disclosures in respect of goodwill by reference to relevant accounting standards.

TAXATION

Refer to page 52 (Governance and Directors' Report), page 89 (accounting policy) and page 132 (financial disclosures).

- *The risk:* Provisions for direct and indirect tax contingencies require the directors to make judgements and estimates in relation to tax risks and exposures. This is one of the key judgemental areas that our audit is concentrated on due to the Group operating in a number of tax jurisdictions, the complexities of transfer pricing and other international tax legislation, as well as the time taken for tax matters to be agreed with the tax authorities.
- *Our response:* In this area our audit procedures for direct and indirect taxes included, among others, the use of internal tax specialists to analyse and challenge the assumptions used to determine provisions using our knowledge and experience of the application of international and local legislation by the relevant authorities and courts, and assessing whether the approach applied by the Group is supported by custom and practice in the industry. We have examined the calculations prepared by the directors and validated that they are supported by appropriate underlying data, and that the judgements applied are reasonable considering the maximum potential exposure and the likelihood of a payment being required. We have inspected correspondence with relevant tax authorities to identify tax risk areas and assessed third party tax advice received to ascertain whether it was reasonable to rely on conclusions drawn in the advice. Transfer pricing documentation was critically assessed to determine whether the tax positions taken by the Group were reasonable. We also considered the adequacy of the Group's disclosures in respect of tax and uncertain tax positions.

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

The materiality for the Group financial statements as a whole was set at £60.0 million. This has been determined with reference to a benchmark of Group profit before taxation (of which it represents 5%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.8 million, in addition to other identified misstatements below that threshold where in aggregate the effect on individual financial statement captions is over £1.8 million or which warranted reporting on qualitative grounds.

Of the Group's reporting components, we subjected the key reporting component in the US and 42 other components to audits for Group reporting purposes. The components within the scope of our work accounted for 95% of the Group's revenue, 95% of the Group's profit before tax, and 95% of the Group's total assets.

The Group audit team approved the component materialities which ranged from £0.1 million to £46.0 million having regard to the mix of size and risk profile of the Group across the components.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks described above and the information to be reported back.

The Group audit team visited the US key reporting component and a further 18 locations covering 87% of Group revenue. Telephone meetings were also held with these component auditors and all other components that were not physically visited.

At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

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

4 OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion:

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

5 WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 36, in relation to going concern; and
- the part of the Corporate Governance Statement on page 49 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE OF REPORT AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities statement set out on page 78, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this Report as if set out in full and should be read to provide an understanding of the purpose of this Report, the work we have undertaken and the basis of our opinions.

ANTHONY SYKES
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
26 November 2014

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	**Total 2014 £m**	Before exceptional items 2013 £m	Exceptional items[1] 2013 £m	Total 2013 £m
CONTINUING OPERATIONS					
Revenue	1	**17,058**	17,557	–	17,557
Operating costs before goodwill impairment	2	**(15,850)**	(16,329)	(59)	(16,388)
Goodwill impairment	2, 10	**–**	–	(377)	(377)
Operating profit	1	**1,208**	1,228	(436)	792
Share of profit of associates	1, 13	**9**	10	–	10
Total operating profit	1	**1,217**	1,238	(436)	802
Profit/(loss) on disposal of US businesses	5	**1**	(1)	–	(1)
Profit on disposal of interest in associates	13	**13**	–	–	–
Finance income	4	**5**	8	–	8
Finance costs	4	**(91)**	(85)	–	(85)
Hedge accounting ineffectiveness	4	**–**	(3)	–	(3)
Change in the fair value of investments		**2**	–	–	–
Profit before tax		**1,147**	1,157	(436)	721
Income tax expense	6	**(279)**	(303)	16	(287)
Profit for the year from continuing operations	1	**868**	854	(420)	434
DISCONTINUED OPERATIONS					
Profit for the year from discontinued operations	7	**3**	3	–	3
CONTINUING AND DISCONTINUED OPERATIONS					
Profit for the year		**871**	857	(420)	437
ATTRIBUTABLE TO					
Equity shareholders of the Company	8	**865**	849	(420)	429
Non-controlling interests		**6**	8	–	8
Profit for the year		**871**	857	(420)	437
BASIC EARNINGS PER SHARE (PENCE)					
From continuing operations	8	**48.8p**			23.3p
From discontinued operations	8	**0.2p**			0.2p
From continuing and discontinued operations	8	**49.0p**			23.5p
DILUTED EARNINGS PER SHARE (PENCE)					
From continuing operations	8	**48.7p**			23.2p
From discontinued operations	8	**0.2p**			0.2p
From continuing and discontinued operations	8	**48.9p**			23.4p

1 Exceptional items include European exceptional and goodwill impairment.

ANALYSIS OF OPERATING PROFIT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	**Total 2014 £m**	Total 2013 £m
CONTINUING OPERATIONS			
Underlying operating profit before share of profit of associates		**1,236**	1,255
Share of profit of associates		**9**	10
Underlying operating profit[1]		**1,245**	1,265
Amortisation of intangibles arising on acquisition	11	**(25)**	(25)
Acquisition transaction costs	26	**(3)**	(3)
Adjustment to contingent consideration on acquisition		**–**	1
Operating profit after costs relating to acquisitions and before exceptional items		**1,217**	1,238
European exceptional	2	**–**	(59)
Goodwill impairment	2, 10	**–**	(377)
Total operating profit		**1,217**	802

1 Underlying operating profit excludes European exceptional and goodwill impairment, amortisation of intangibles arising on acquisition, acquisition transaction costs and adjustment to contingent consideration on acquisition.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 £m	2013 £m
Profit for the year		**871**	437
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligations – loss		**(148)**	(80)
Return on plan assets, excluding interest income – gain	23	**137**	119
Tax on items relating to the components of other comprehensive income	6	**3**	(9)
		(8)	30
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(103)**	(80)
		(103)	(80)
Total other comprehensive income/(loss) for the year		**(111)**	(50)
Total comprehensive income for the year		**760**	387
ATTRIBUTABLE TO			
Equity shareholders of the Company		**754**	379
Non-controlling interests		**6**	8
Total comprehensive income for the year		**760**	387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings[1] £m	Non-controlling interests £m	Total £m
At 1 October 2013 as previously reported	180	400	55	(1)	4,374	(2,226)	9	2,791
Past service cost recognised in accordance with IAS 19(R)	–	–	–	–	–	(1)	–	(1)
At 1 October 2013 as restated	180	400	55	(1)	4,374	(2,227)	9	2,790
Profit for the year	–	–	–	–	–	865	6	871
Other comprehensive income								
Currency translation differences	–	–	–	–	(103)	–	–	(103)
Remeasurement of post-employment benefit obligations – loss	–	–	–	–	–	(148)	–	(148)
Return on plan assets, excluding interest income – gain	–	–	–	–	–	137	–	137
Tax on items relating to the components of other comprehensive income	–	–	–	–	(3)	6	–	3
Total other comprehensive income	–	–	–	–	(106)	(5)	–	(111)
Total comprehensive income for the year	–	–	–	–	(106)	860	6	760
Issue of shares (for cash)	1	6	–	–	–	–	–	7
Share issue expenses	–	(2)	–	–	–	–	–	(2)
B and C shares issued through capitalisation of share premium	235	(235)	–	–	–	–	–	–
Redemption and cancellation of B shares	(235)	–	235	–	–	–	–	–
Fair value of share-based payments	–	–	–	–	13	–	–	13
Tax on items taken directly to equity (note 6)	–	–	–	–	–	6	–	6
Share buyback[2]	(3)	–	3	–	–	(280)	–	(280)
Release of LTIP award settled by issue of new shares	–	5	–	–	(5)	–	–	–
Other changes	–	–	–	–	1	3	(1)	3
	178	174	293	(1)	4,277	(1,638)	14	3,297
Return of Cash to Compass shareholders (note 9)	–	–	–	–	–	(1,000)	–	(1,000)
Dividends paid to Compass shareholders (note 9)	–	–	–	–	–	(444)	–	(444)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(5)	(5)
At 30 September 2014	178	174	293	(1)	4,277	(3,082)	9	1,848

1 2013 has been restated for past service cost recognised in accordance with IAS 19(R).
2 Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
At 1 October 2013	162	4,170	7	35	4,374
Other comprehensive income					
Currency translation differences	–	–	–	(103)	(103)
Tax on items relating to the components of other comprehensive income (note 6)	–	–	–	(3)	(3)
Total other comprehensive income	–	–	–	(106)	(106)
Total comprehensive income for the year	–	–	–	(106)	(106)
Fair value of share-based payments	13	–	–	–	13
Release of LTIP award settled by issue of new shares	(5)	–	–	–	(5)
Other changes	–	–	–	1	1
At 30 September 2014	170	4,170	7	(70)	4,277

Own shares held by the Group represent 54,941 new ordinary shares in Compass Group PLC (2013: 161,622 ordinary shares). 38,743 shares are held by the Compass Group Employee Share Trust (ESOP) and 16,198 shares are held by the Compass Group Long Term Incentive Plan Trust (LTIPT). These shares are listed on a recognised stock exchange and their market value at 30 September 2014 was £0.5 million (2013: £1.4 million). The nominal value held at 30 September 2014 was £5,837 (2013: £16,162).

ESOP and LTIPT are discretionary trusts for the benefit of employees and the shares held are used to satisfy some of the Group's liabilities to employees for share options, share bonus and long term incentive plans. All of the shares held by the ESOP and LTIPT are required to be made available in this way.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings[1] £m	Non-controlling interests £m	Total £m
At 1 October 2012 as previously reported	186	386	49	(1)	4,445	(1,834)	10	3,241
Past service cost recognised in accordance with IAS 19(R)	–	–	–	–	–	(1)	–	(1)
At 1 October 2012 as restated	186	386	49	(1)	4,445	(1,835)	10	3,240
Profit for the year	–	–	–	–	–	429	8	437
Other comprehensive income								
Currency translation differences	–	–	–	–	(80)	–	–	(80)
Remeasurement of post-employment benefit obligations – gain/(loss)	–	–	–	–	–	(80)	–	(80)
Return on plan assets, excluding interest income – gain/(loss)	–	–	–	–	–	119	–	119
Tax on items relating to the components of other comprehensive income	–	–	–	–	2	(11)	–	(9)
Total other comprehensive income	–	–	–	–	(78)	28	–	(50)
Total comprehensive income for the year	–	–	–	–	(78)	457	8	387
Issue of shares (for cash)	–	9	–	–	–	–	–	9
Fair value of share-based payments	–	–	–	–	11	–	–	11
Tax on items taken directly to equity (note 6)	–	–	–	–	–	6	–	6
Share buyback[2]	(6)	–	6	–	–	(446)	–	(446)
Release of LTIP award settled by issue of new shares	–	5	–	–	(5)	–	–	–
Other changes	–	–	–	–	1	(5)	(3)	(7)
	180	400	55	(1)	4,374	(1,823)	15	3,200
Dividends paid to Compass shareholders (note 9)	–	–	–	–	–	(404)	–	(404)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(6)	(6)
At 30 September 2013	180	400	55	(1)	4,374	(2,227)	9	2,790

1 2013 has been restated for past service cost recognised in accordance with IAS 19(R).
2 Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
At 1 October 2012	156	4,170	7	112	4,445
Other comprehensive income					
Currency translation differences	–	–	–	(80)	(80)
Tax on items relating to the components of other comprehensive income	–	–	–	2	2
Total other comprehensive income	–	–	–	(78)	(78)
Total comprehensive income for the year	–	–	–	(78)	(78)
Fair value of share-based payments	11	–	–	–	11
Release of LTIP award settled by issue of new shares	(5)	–	–	–	(5)
Other changes	–	–	–	1	1
At 30 September 2013	162	4,170	7	35	4,374

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2014

	Notes	2014 £m	2013 Restated[1] £m
NON-CURRENT ASSETS			
Goodwill	10	**3,565**	3,620
Other intangible assets	11	**1,010**	886
Property, plant and equipment	12	**729**	714
Interests in associates	13	**114**	84
Other investments	14	**36**	41
Trade and other receivables	16	**67**	83
Deferred tax assets*	6	**246**	265
Derivative financial instruments**	20	**50**	63
Non-current assets		**5,817**	5,756
CURRENT ASSETS			
Inventories	17	**270**	255
Trade and other receivables	16	**2,128**	2,072
Tax recoverable*		**32**	32
Cash and cash equivalents**	18	**431**	1,006
Derivative financial instruments**	20	**16**	7
Current assets		**2,877**	3,372
Total assets		**8,694**	9,128
CURRENT LIABILITIES			
Short term borrowings**	19	**(297)**	(104)
Derivative financial instruments**	20	**(4)**	(3)
Provisions	22	**(161)**	(189)
Current tax liabilities*		**(148)**	(162)
Trade and other payables	21	**(3,139)**	(3,054)
Current liabilities		**(3,749)**	(3,512)
NON-CURRENT LIABILITIES			
Long term borrowings**	19	**(2,526)**	(2,161)
Derivative financial instruments**	20	**(1)**	(1)
Post-employment benefit obligations[1]	23	**(176)**	(209)
Provisions	22	**(277)**	(342)
Deferred tax liabilities*	6	**(39)**	(38)
Trade and other payables	21	**(78)**	(75)
Non-current liabilities		**(3,097)**	(2,826)
Total liabilities		**(6,846)**	(6,338)
Net assets		**1,848**	2,790
EQUITY			
Share capital	24	**178**	180
Share premium account		**174**	400
Capital redemption reserve		**293**	55
Less: Own shares		**(1)**	(1)
Other reserves		**4,277**	4,374
Retained earnings		**(3,082)**	(2,227)
Total equity shareholders' funds		**1,839**	2,781
Non-controlling interests		**9**	9
Total equity		**1,848**	2,790

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

1 2013 has been restated for past service cost recognised in accordance with IAS 19(R).

Approved by the Board of Directors on 26 November 2014 and signed on their behalf by

RICHARD COUSINS, Director
DOMINIC BLAKEMORE, Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 £m	2013 £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	27	**1,442**	1,485
One-off employer contributions to post-employment benefit obligations		**–**	(72)
Interest paid		**(77)**	(71)
Interest element of finance lease rentals		**–**	(2)
Tax received		**24**	24
Tax paid		**(268)**	(257)
Net cash from operating activities		**1,121**	1,107
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associated undertakings[1]	26	**(176)**	(104)
Proceeds from sale of subsidiary companies and associated undertakings – discontinued activities[1]	7	**(1)**	(1)
Proceeds from sale of subsidiary companies and associated undertakings – continuing activities[1]		**66**	8
Tax on profits from sale of subsidiary companies and associated undertakings		**(4)**	–
Purchase of intangible assets	11	**(206)**	(191)
Purchase of property, plant and equipment[2]	12	**(263)**	(276)
Proceeds from sale of property, plant and equipment/intangible assets		**22**	33
Purchase of other investments	14	**(2)**	–
Proceeds from sale of other investments	14	**3**	9
Dividends received from associated undertakings	13	**7**	6
Interest received		**6**	8
Net cash used in investing activities		**(548)**	(508)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary share capital		**5**	9
Purchase of own shares[3]		**(280)**	(446)
Net increase in borrowings	28	**597**	554
Repayment of obligations under finance leases	28	**(5)**	(9)
Return of Cash to Compass shareholders	9	**(1,000)**	–
Equity dividends paid	9	**(444)**	(404)
Dividends paid to non-controlling interests		**(5)**	(6)
Net cash used in financing activities		**(1,132)**	(302)
CASH AND CASH EQUIVALENTS			
Net (decrease)/increase in cash and cash equivalents	28	**(559)**	297
Cash and cash equivalents at beginning of the year	28	**1,006**	728
Currency translation losses on cash and cash equivalents	28	**(16)**	(19)
Cash and cash equivalents at end of the year	28	**431**	1,006

1 Net of cash acquired or disposed and payments received or made under warranties and indemnities.
2 Includes property, plant and equipment purchased under client commitments.
3 Includes stamp duty and brokers' commission.

RECONCILIATION OF FREE CASH FLOW FROM CONTINUING OPERATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 £m	2013 £m
Net cash from operating activities of continuing operations	**1,121**	1,107
One-off employer contributions to post-employment benefit obligations	**–**	72
Purchase of intangible assets	**(206)**	(191)
Purchase of property, plant and equipment	**(263)**	(276)
Proceeds from sale of property, plant and equipment/intangible assets	**22**	33
Purchase of other investments	**(2)**	–
Proceeds from sale of other investments	**3**	9
Dividends received from associated undertakings	**7**	6
Interest received	**6**	8
Dividends paid to non-controlling interests	**(5)**	(6)
Free cash flow from continuing operations	**683**	762
Add back: Cash restructuring costs in the year	**58**	72
Underlying free cash flow	**741**	834

INTRODUCTION

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

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union that are effective for the year ended 30 September 2014. They have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

The financial statements have been prepared on a going concern basis. This is discussed in the Finance Director's statement on page 36.

In the current financial year, the Group has adopted:

- IAS 19 (revised), Employee Benefits. The expected returns on pension plan assets, previously calculated based on management's expectation of expected returns has been replaced by a credit on the pension plan assets calculated at the liability discount rate. Implementation of IAS 19 (revised) has increased the net interest expense for the year by £9 million (2013: £nil). The prior year adjustment of £1 million arises from the treatment of past service cost which was previously spread over the remaining service lives of the related employees, but is recognised in full under IAS 19 (revised)
- IFRS 13 'Fair value measurement' which established a single framework for measuring fair value and related disclosures
- Amendments to IAS 36 'Impairment of assets'

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations of existing standards have been published that, once they have been endorsed by the European Union, will be mandatory for the Group's accounting period beginning on 1 October 2014 or for later periods. The Group has not yet adopted these pronouncements and does not currently believe that the adoption of these standards, amendments or interpretations would have a material effect on the consolidated results or financial position of the Group unless stated otherwise.

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

IFRS 10 'Consolidated financial statements' replaces the guidance of control and consolidation in IAS 27 'Consolidated and separate financial statements' and SIC 12 'Consolidation – special purpose entities'. The core principle that a consolidated entity presents a parent and its subsidiaries as if they were a single entity remains unchanged, as do the mechanics of consolidation.

IFRS 11 'Joint arrangements' requires joint arrangements to be accounted for as a joint operation or as a joint venture depending upon the rights and obligations of each party to the arrangement. Proportionate consolidation for joint ventures will be eliminated and equity accounting will be compulsory. It is anticipated that the application of the standard (which is effective for the Group in the year ending 30 September 2015) will result in a decrease to Group revenues, expenses, assets and liabilities but will have no impact on the Group's net profit or net assets. Details of the Group's joint venture arrangements are set out in note 15.

IFRS 12 'Disclosure of interests in other entities' requires enhanced disclosures of the nature, risks and financial effects associated with the Group's interests in subsidiaries, associates and joint ventures.

IFRS 15 'Revenue from Contracts with Customers' (not yet endorsed by the European Union). The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognised. The Group is currently assessing the impact this standard would have on its consolidated results and financial position.

IAS 27 (revised) 'Separate financial statements'

IAS 28 (revised) 'Associates and joint ventures'

Amendments to IAS 32 'Financial instruments'

Amendments to IAS 39 'Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting'

Amendments to IFRS 7 'Offsetting financial assets and liabilities'

Improvements to IFRS 2009-2011 Cycle

Improvements to IFRS 2010-2012 Cycle

Improvements to IFRS 2011-2013 Cycle

B CRITICAL ACCOUNTING POLICIES AND USE OF ASSUMPTIONS AND ESTIMATES

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

TAXES

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

GOODWILL
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in section M on page 89. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up to date budgets and plans that have been formally approved by management. The key assumptions used for the value in use calculations are set out in note 10 to the financial statements.

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

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

D SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

JOINT VENTURES
Joint ventures are entities in which the Group holds an interest on a long term basis and which are jointly controlled by the Group and other venturers under a contractual agreement. The Group's share is accounted for using the proportionate consolidation method. The consolidated income statement and balance sheet include the Group's share of the income, expenses, assets and liabilities.

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

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

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

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

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

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

F FOREIGN CURRENCY
The consolidated financial statements are prepared in sterling, which is the functional currency of the Company.

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

In order to hedge its exposure to certain foreign exchange risks the Group enters into forward currency contracts (see section Q on page 90 for the Group's accounting policies in respect of derivative financial instruments).

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

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

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

MANAGEMENT FEE CONTRACTS

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

FIXED PRICE CONTRACTS

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

PROFIT AND LOSS CONTRACTS

Revenue from profit and loss contracts comprises the total of sales made to consumers, typically with little or no subsidy charged to clients.

INTER-SEGMENT TRANSACTIONS

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

H REBATES AND OTHER AMOUNTS RECEIVED FROM SUPPLIERS

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

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

Rebates received in respect of plant and equipment are deducted from the costs capitalised and are recognised in the income statement in line with depreciation.

Agreed discounts relating to inventories are credited to the income statement within cost of sales as the goods are consumed.

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

I BORROWING COSTS

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

J OPERATING PROFIT

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

K EXCEPTIONAL ITEMS

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

L TAX

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

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

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

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

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

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

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

M INTANGIBLE ASSETS

GOODWILL

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

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

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

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

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

OTHER INTANGIBLE ASSETS

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

The following rates applied for the Group:

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

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

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

N PROPERTY, PLANT AND EQUIPMENT

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

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

The following rates applied for the Group:

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

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

O ASSETS HELD FOR SALE

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

P INVENTORIES

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

Q FINANCIAL INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

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

BORROWINGS

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

EQUITY INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge the risks associated with changes in foreign exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

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

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

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

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

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

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

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

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

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

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

R LEASES

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

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

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

S PROVISIONS

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

T EMPLOYEE BENEFITS

PENSION OBLIGATIONS

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

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

Past service cost is recognised immediately.

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

OTHER POST-EMPLOYMENT OBLIGATIONS

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

SHARE-BASED PAYMENTS

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

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

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

HOLIDAY PAY

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

1 SEGMENTAL REPORTING

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

	Geographical segments			
REVENUES[1]	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014				
External revenue[2]	**8,199**	**5,716**	**3,143**	**17,058**
YEAR ENDED 30 SEPTEMBER 2013				
External revenue[2]	8,150	6,039	3,368	17,557

	Sectors					
REVENUES[1]	Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014						
External revenue[2]	**6,783**	**2,815**	**3,515**	**1,857**	**2,088**	**17,058**
YEAR ENDED 30 SEPTEMBER 2013						
External revenue[2]	7,121	2,820	3,559	1,784	2,273	17,557

1 There is no inter-segmental trading.
2 Continuing revenue from external customers arising in the UK, the Group's country of domicile, was £1,787 million (2013: £1,813 million). Continuing revenue from external customers arising in the US was £7,413 million (2013: £7,311 million). Continuing revenue from external customers arising in all foreign countries from which the Group derives revenue was £15,271 million (2013: £15,744 million).

1 SEGMENTAL REPORTING CONTINUED

RESULT	Geographical segments North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2014					
Operating profit before associates, exceptional items and costs relating to acquisitions[1]	**666**	**409**	**226**	**(65)**	**1,236**
European exceptional	**–**	**–**	**–**	**–**	**–**
Goodwill impairment	**–**	**–**	**–**	**–**	**–**
Operating profit before associates and costs relating to acquisitions	**666**	**409**	**226**	**(65)**	**1,236**
Less: Amortisation of intangibles arising on acquisition	**(12)**	**(5)**	**(8)**	**–**	**(25)**
Less: Acquisition transaction costs	**(2)**	**(1)**	**–**	**–**	**(3)**
Add: Adjustment to contingent consideration on acquisition	**1**	**–**	**(1)**	**–**	**–**
Operating profit before associates – continuing	**653**	**403**	**217**	**(65)**	**1,208**
Add: Share of profit of associates	**6**	**3**	**–**	**–**	**9**
Total operating profit – continuing	**659**	**406**	**217**	**(65)**	**1,217**
Profit on disposal of US businesses					**1**
Profit on disposal of interest in associates					**13**
Finance income					**5**
Finance costs					**(91)**
Hedge accounting ineffectiveness					**–**
Change in the fair value of investments					**2**
Profit before tax					**1,147**
Income tax expense					**(279)**
Profit for the year from continuing operations					**868**
YEAR ENDED 30 SEPTEMBER 2013					
Operating profit before associates, exceptional items and costs relating to acquisitions[1]	657	420	242	(64)	1,255
European exceptional	–	(59)	–	–	(59)
Goodwill impairment	–	(377)	–	–	(377)
Operating profit before associates and costs relating to acquisitions	657	(16)	242	(64)	819
Less: Amortisation of intangibles arising on acquisition	(10)	(6)	(9)	–	(25)
Less: Acquisition transaction costs	(1)	(1)	(1)	–	(3)
Add: Adjustment to contingent consideration on acquisition	1	–	–	–	1
Operating profit before associates – continuing	647	(23)	232	(64)	792
Add: Share of profit of associates	6	4	–	–	10
Total operating profit – continuing	653	(19)	232	(64)	802
Loss on disposal of US businesses					(1)
Finance income					8
Finance costs					(85)
Hedge accounting ineffectiveness					(3)
Profit before tax					721
Income tax expense					(287)
Profit for the year from continuing operations					434

1 Operating profit before associates, exceptional items and costs relating to acquisitions is the profit measure considered by the chief operating decision maker.

1 SEGMENTAL REPORTING CONTINUED

BALANCE SHEET	Geographical segments: North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	Unallocated: Current and deferred tax £m	Net debt £m	**Total £m**
AS AT 30 SEPTEMBER 2014							
Total assets	**3,423**	**3,215**	**1,276**	**6**	**278**	**496**	**8,694**
Total liabilities	**(1,613)**	**(1,284)**	**(675)**	**(260)**	**(187)**	**(2,827)**	**(6,846)**
Net assets/(liabilities)[1]	**1,810**	**1,931**	**601**	**(254)**	**91**	**(2,331)**	**1,848**
Total assets include:							
Interests in associates	**50**	**64**	**–**	**–**	**–**	**–**	**114**
Non-current assets	**2,488**	**2,408**	**625**	**–**	**246**	**50**	**5,817**
AS AT 30 SEPTEMBER 2013							
Total assets	3,188	3,242	1,317	8	297	1,076	9,128
Total liabilities[2]	(1,459)	(1,456)	(705)	(248)	(200)	(2,270)	(6,338)
Net assets/(liabilities)	1,729	1,786	612	(240)	97	(1,194)	2,790
Total assets include:							
Interests in associates	51	33	–	–	–	–	84
Non-current assets[1]	2,359	2,371	693	5	265	63	5,756

1 Non-current assets located in the UK, the Group's country of domicile, were £1,786 million (2013: £1,730 million). Non-current assets located in the US were £2,921 million (2013: £2,766 million). Non-current assets located in all foreign countries in which the Group holds assets were £4,048 million (2013: £4,026 million).
2 2013 has been restated for past service cost recognised in accordance with IAS 19(R).

1 SEGMENTAL REPORTING CONTINUED

ADDITIONS TO OTHER INTANGIBLE ASSETS	Geographical segments North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014					
Total additions to other intangible assets	**171**	**24**	**11**	**–**	**206**
YEAR ENDED 30 SEPTEMBER 2013					
Total additions to other intangible assets	158	24	9	–	191

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT	Geographical segments North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014					
Total additions to property, plant and equipment[1]	**86**	**110**	**53**	**1**	**250**
YEAR ENDED 30 SEPTEMBER 2013					
Total additions to property, plant and equipment[1]	85	82	111	–	278

AMORTISATION OF OTHER INTANGIBLE ASSETS	Geographical segments North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014					
Total amortisation of other intangible assets[2]	**115**	**25**	**13**	**–**	**153**
YEAR ENDED 30 SEPTEMBER 2013					
Total amortisation of other intangible assets[2]	104	25	13	1	143

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Geographical segments North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014					
Total depreciation of property, plant and equipment	**71**	**75**	**44**	**1**	**191**
YEAR ENDED 30 SEPTEMBER 2013					
Total depreciation of property, plant and equipment	71	73	37	–	181

OTHER NON-CASH EXPENSES	Geographical segments North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Central activities £m	**Total £m**
YEAR ENDED 30 SEPTEMBER 2014					
Total other non-cash expenses[3]	**3**	**4**	**4**	**2**	**13**
YEAR ENDED 30 SEPTEMBER 2013					
Total other non-cash expenses[3]	3	3	2	3	11

1 Includes leased assets of £2 million (2013: £2 million) and creditor for capital creditors of £1 million (2013: £2 million).
2 Including the amortisation of intangibles arising on acquisition.
3 Other non-cash expenses are mainly comprised of share-based payments.

2 OPERATING COSTS

TOTAL OPERATING COSTS

OPERATING COSTS	Total 2014 £m	Before exceptional items 2013 £m	Exceptional items[1] 2013 £m	Total 2013 £m
Cost of food and materials:				
Cost of inventories consumed	**5,101**	5,289	–	5,289
Labour costs:				
Employee remuneration (note 3)	**7,794**	8,072	59	8,131
Overheads:				
Depreciation – owned property, plant and equipment	**187**	176	–	176
Depreciation – leased property, plant and equipment	**4**	5	–	5
Amortisation – owned intangible assets	**128**	118	–	118
Impairment of goodwill in subsidiaries[1]	**–**	–	377	377
Property lease rentals	**85**	88	–	88
Other occupancy rentals – minimum guaranteed rent	**62**	74	–	74
Other occupancy rentals – rent in excess of minimum guaranteed rent	**13**	13	–	13
Other asset rentals	**76**	88	–	88
Audit and non-audit services (see below)	**6**	8	–	8
Other expenses	**2,366**	2,371	–	2,371
Operating costs before costs relating to acquisitions	**15,822**	16,302	436	16,738
Amortisation – intangible assets arising on acquisition	**25**	25	–	25
Acquisition transaction costs	**3**	3	–	3
Adjustment to contingent consideration on acquisition	**–**	(1)	–	(1)
Total continuing operations	**15,850**	16,329	436	16,765

1 Impairment of goodwill recorded in the consolidated income statement £nil (2013: £377 million included in 'Other Expenses' related to European exceptional).

AUDIT AND NON-AUDIT SERVICES[1]	2014 £m	2013 £m
AUDIT SERVICES		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**0.5**	0.4
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries and joint ventures pursuant to legislation	**3.7**	3.9
Total audit fees	**4.2**	4.3
NON-AUDIT SERVICES		
Audit related assurance	**0.3**	0.2
Taxation compliance	**0.3**	0.2
Other tax advisory	**0.2**	2.7
Corporate finance services	**0.1**	0.1
Services relating to information technology	**0.8**	0.1
Other services	**0.2**	0.2
Total non-audit fees	**1.9**	3.5
TOTAL AUDIT AND NON-AUDIT SERVICES		
Total audit and non-audit services	**6.1**	7.8

1 The 2014 fees represent fees payable to the current auditor. The 2013 comparative represents fees payable to the previous auditor.

2 OPERATING COSTS CONTINUED

EXCEPTIONAL ITEMS

In the years ended 30 September 2013 and 2014, the following exceptional items were recorded:

	2014 £m	2013 £m
EUROPEAN EXCEPTIONAL		
Accelerated efficiencies	–	59
Total European exceptional	–	59
Goodwill impairment (note 10)	–	377
Total exceptional items	–	436

In 2013, we continued with our actions to improve the operational efficiency of our operations in Europe which we had started in 2012 and took an additional £59 million exceptional cost.

3 EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2014 Number	2013 Number
North America	**214,511**	205,969
Europe & Japan	**150,847**	153,915
Fast Growing & Emerging	**149,360**	146,815
Total continuing operations	**514,718**	506,699

AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS	2014 £m	2013 £m
Wages and salaries	**6,515**	6,713
Social security costs	**1,165**	1,304
Share-based payments	**15**	13
Pension costs – defined contribution plans	**85**	80
Pension costs – defined benefit plans	**14**	21
Total continuing operations	**7,794**	8,131

In addition to the pension cost shown in operating costs above, there is a pensions related net charge within finance costs of £7 million (2013: net charge of £11 million).

The remuneration of directors and key management personnel[1] is set out below. Additional information on directors' and key management remuneration, share options, long term incentive plans, pension contributions and entitlements can be found in the audited section of the Directors' Remuneration Report on pages 59 to 76 and forms part of these accounts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL	2014 £m	2013 £m
Salaries	**5.5**	5.2
Other short term employee remuneration	**6.4**	5.8
Share-based payments	**4.9**	4.3
Pension salary supplement	**1.5**	1.5
Total	**18.3**	16.8

1 Key management personnel is defined as the Board of Directors and five additional individuals making up the Executive Board. In 2013, 14 individuals were included in the table which comprised the Board of Directors and four additional individuals who were part of the Executive Board.

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

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

FINANCE INCOME AND COSTS	2014 £m	2013 £m
FINANCE INCOME		
Bank interest	**5**	8
Total finance income	**5**	8
FINANCE COSTS		
Interest on bank loans and overdrafts	**11**	8
Interest on other loans	**69**	60
Finance lease interest	**1**	2
Interest on bank loans, overdrafts, other loans and finance leases	**81**	70
Unwinding of discount on provisions	**3**	4
Interest on net post-employment benefit obligations (note 23)	**7**	11
Total finance costs	**91**	85
ANALYSIS OF FINANCE COSTS BY DEFINED IAS 39[1] CATEGORY		
Fair value through profit or loss (unhedged derivatives)	**4**	2
Derivatives in a fair value hedge relationship	**(28)**	(24)
Derivatives in a net investment hedge relationship	**3**	5
Other financial liabilities	**102**	87
Interest on bank loans, overdrafts, other loans and finance leases	**81**	70
Fair value through profit or loss (unwinding of discount on provisions)	**3**	4
Outside of the scope of IAS 39 (net pension scheme charge)	**7**	11
Total finance costs	**91**	85

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

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

FAIR VALUE MEASUREMENT

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

FINANCING RELATED (GAINS)/LOSSES	2014 £m	2013 £m
HEDGE ACCOUNTING INEFFECTIVENESS		
Unrealised net (gains)/losses on derivative financial instruments in a designated fair value hedge[1]	**(23)**	47
Unrealised net losses/(gains) on the hedged item in a designated fair value hedge	**23**	(44)
Total hedge accounting ineffectiveness – losses	**–**	3
CHANGE IN THE FAIR VALUE OF INVESTMENTS		
Gain from the changes in the fair value of investments[2, 3]	**2**	–

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

5 US DISPOSALS

On 27 May 2014, the Group disposed of its retail cleaning business in the United States. Total consideration for the transaction was £31 million, of which £24 million was received at closing in cash. There was a loss of £1 million on the transaction and a gain of £2 million from other small US disposals.

In 2012 the Group disposed of the assets related to its food and support services business in correctional facilities located in the United States. In the year ended 30 September 2013 a loss of £1 million was recognised in relation to this transaction.

GAIN/(LOSS) ON DISPOSAL OF US BUSINESSES	**2014 £m**	2013 £m
Gain/(loss) on disposal of US businesses	**1**	(1)

6 TAX

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE ON CONTINUING OPERATIONS	**Total 2014 £m**	Before exceptional items 2013 £m	Exceptional items 2013 £m	Total 2013 £m
CURRENT TAX				
Current year	**271**	299	(26)	273
Adjustment in respect of prior years	**1**	(3)	–	(3)
Current tax expense	**272**	296	(26)	270
DEFERRED TAX				
Current year	**10**	1	10	11
Impact of changes in statutory tax rates	**1**	5	–	5
Adjustment in respect of prior years	**(4)**	(1)	–	(1)
Deferred tax expense	**7**	5	10	15
Income tax expense on continuing operations excluding exceptional recognition of tax losses arising in prior years	**279**	301	(16)	285
Deferred tax expense on exceptional recognition of tax losses arising in prior years	**–**	2	–	2
TOTAL INCOME TAX				
Income tax expense/(credit) on continuing operations	**279**	303	(16)	287

The income tax expense for the year is based on the effective United Kingdom statutory rate of corporation tax for the period of 22% (2013: 23.5%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions. The impact of changes in statutory rates in the prior year related principally to the reduction of the UK corporation tax rate from 24% to 23% from 1 April 2013, 21% from 1 April 2014, and 20% from 1 April 2015. These changes resulted in a deferred tax charge arising from the reduction in the balance sheet carrying value of deferred tax assets to reflect the anticipated rate of tax at which those assets were expected to reverse.

6 TAX CONTINUED

	Total 2014 £m	Before exceptional items 2013 £m	Exceptional items 2013 £m	Total 2013 £m
Profit before tax from continuing operations	**1,147**	1,157	(436)	721
Notional income tax expense at the effective UK statutory rate of 22% (2013: 23.5%) on profit before tax	**252**	272	(103)	169
Effect of different tax rates of subsidiaries operating in other jurisdictions	**116**	99	(3)	96
Impact of changes in statutory tax rates	**1**	5	–	5
Permanent differences	**(83)**	(71)	90	19
Impact of share-based payments	**1**	(1)	–	(1)
Tax on profit of associates	**(1)**	(1)	–	(1)
Losses and other temporary differences not previously recognised	**(7)**	(1)	–	(1)
Unrelieved current year tax losses	**3**	3	–	3
Prior year items	**(3)**	(4)	–	(4)
Income tax expense on continuing operations excluding exceptional recognition of tax losses arising in prior years	**279**	301	(16)	285
Exceptional recognition of tax losses arising in prior years	**–**	2	–	2
Income tax expense on continuing operations	**279**	303	(16)	287

TAX CREDITED/(CHARGED) TO OTHER COMPREHENSIVE INCOME

	2014 £m	2013 £m
Current and deferred tax credits/(charges) on actuarial and other movements on post-employment benefits	**6**	(11)
Current and deferred tax (charges)/credits on foreign exchange movements	**(3)**	2
Tax credit/(charge) on items recognised in other comprehensive income	**3**	(9)

TAX CREDITED TO EQUITY

	2014 £m	2013 £m
Current and deferred tax credits in respect of share-based payments	**6**	6
Tax credit on items recognised in equity	**6**	6

MOVEMENT IN NET DEFERRED TAX ASSET/(LIABILITY)

	Tax depreciation £m	Intangibles £m	Pensions and post-employment benefits £m	Tax losses £m	Self-funded insurance provisions £m	Net short term temporary differences £m	Total £m
At 1 October 2012	12	(176)	160	21	58	181	256
(Charge)/credit to income	(4)	(10)	(13)	(1)	6	5	(17)
(Charge)/credit to equity/other comprehensive income	–	–	(11)	1	–	3	(7)
Business acquisitions	(1)	(1)	–	–	–	–	(2)
Other movements	2	–	–	–	–	(3)	(1)
Exchange adjustment	–	4	–	–	–	(6)	(2)
At 30 September 2013	9	(183)	136	21	64	180	227
At 1 October 2013	**9**	**(183)**	**136**	**21**	**64**	**180**	**227**
Credit/(charge) to income	**4**	**(7)**	**7**	**1**	**3**	**(15)**	**(7)**
(Charge)/credit to equity/other comprehensive income	**–**	**–**	**(6)**	**–**	**–**	**1**	**(5)**
Business acquisitions	**–**	**(6)**	**–**	**–**	**–**	**1**	**(5)**
Other movements	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Exchange adjustment	**–**	**5**	**(1)**	**(2)**	**–**	**(6)**	**(4)**
At 30 September 2014	**13**	**(191)**	**136**	**21**	**67**	**161**	**207**

Net short term temporary differences relate principally to provisions and other liabilities of overseas subsidiaries.

6 TAX CONTINUED

After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

NET DEFERRED TAX BALANCE	**2014 £m**	2013 £m
Deferred tax assets	**246**	265
Deferred tax liabilities	**(39)**	(38)
Net deferred tax asset	**207**	227

Unrecognised deferred tax assets in respect of tax losses and other temporary differences amount to £42 million (2013: £50 million). Of the total, tax losses of £27 million will expire at various dates between 2014 and 2022. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

The Group does not recognise any deferred tax liability on temporary differences relating to potentially taxable unremitted earnings of overseas subsidiaries totalling £448 million (2013: £401 million) because it is able to control the timing of reversal of these differences. It is probable that no reversal will take place in the foreseeable future.

7 DISCONTINUED OPERATIONS

YEAR ENDED 30 SEPTEMBER 2014

The profit for the year from discontinued operations was £3 million (2013: £3 million) relating to a release of surplus tax provisions in respect of prior year disposals.

FINANCIAL PERFORMANCE OF DISCONTINUED OPERATIONS	**2014 £m**	2013 £m
TRADING ACTIVITIES OF DISCONTINUED OPERATIONS		
Operating costs	**–**	–
Loss before tax	**–**	–
Income tax credit	**3**	2
Profit after tax	**3**	2
DISPOSAL OF NET ASSETS AND OTHER ADJUSTMENTS RELATING TO DISCONTINUED OPERATIONS		
Income tax credit	**–**	1
Total profit after tax	**–**	1
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	**3**	3

7 DISCONTINUED OPERATIONS CONTINUED

INCOME TAX FROM DISCONTINUED OPERATIONS	2014 £m	2013 £m
INCOME TAX ON TRADING ACTIVITIES OF DISCONTINUED OPERATIONS AND ON DISPOSAL OF NET ASSETS AND OTHER ADJUSTMENTS RELATING TO DISCONTINUED OPERATIONS		
Current tax	3	3
Deferred tax	–	–
Income tax credit on discontinued operations	3	3

NET ASSETS DISPOSED AND DISPOSAL PROCEEDS	2014 £m	2013 £m
Decrease in retained liabilities[1]	(1)	(1)
Consideration (net of costs)	(1)	(1)
Cash outflow from disposals	(1)	(1)

1 Includes the utilisation of disposal provisions of £1 million in the year ended 30 September 2014 (2013: £1 million).

8 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings after tax and the weighted average number of shares in issue during the year. The adjusted earnings per share figures have been calculated based on earnings excluding the effect of discontinued operations, the amortisation of intangible assets arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, European exceptional, goodwill impairment, profits and losses on disposal of businesses, hedge accounting ineffectiveness, the change in the fair value of investments, the tax attributable to these amounts and the exceptional recognition of tax losses in prior years. These items are excluded in order to show the underlying trading performance of the Group.

ATTRIBUTABLE PROFIT	2014 Attributable profit £m	2013 Attributable profit £m
Profit for the year attributable to equity shareholders of the Company	865	429
Less: Profit for the year from discontinued operations	(3)	(3)
Attributable profit for the year from continuing operations	862	426
Amortisation of intangible assets arising on acquisition (net of tax)	18	18
Acquisition transaction costs (net of tax)	2	3
Adjustment to contingent consideration on acquisition (net of tax)	1	(1)
European exceptional (net of tax)	(7)	43
Goodwill impairment	–	377
(Profit)/loss on disposal of US businesses (net of tax)	(1)	1
Profit on disposal of interest in associate (net of tax)	(13)	–
Hedge accounting ineffectiveness (net of tax)	–	2
Profit from change in the fair value of investments (net of tax)	(2)	–
Exceptional recognition of tax losses	–	2
Underlying attributable profit for the year from continuing operations	860	871

8 EARNINGS PER SHARE CONTINUED

AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)	**2014 Ordinary shares of $10\frac{5}{8}$p each millions**	2013 Ordinary shares of 10p each millions
Average number of shares for basic earnings per share	**1,766**	1,827
Dilutive share options	**5**	8
Average number of shares for diluted earnings per share	**1,771**	1,835

	2014 Earnings per share pence	2013 Earnings per share pence
BASIC EARNINGS PER SHARE (PENCE)		
From continuing and discontinued operations	**49.0**	23.5
From discontinued operations	**(0.2)**	(0.2)
From continuing operations	**48.8**	23.3
Amortisation of intangible assets arising on acquisition (net of tax)	**1.0**	1.0
Acquisition transaction costs (net of tax)	**0.1**	0.2
Adjustment to contingent consideration on acquisition (net of tax)	**0.1**	(0.1)
European exceptional (net of tax)	**(0.4)**	2.4
Goodwill impairment	**–**	20.6
(Profit)/loss on disposal of US businesses (net of tax)	**(0.1)**	0.1
Profit on disposal of interest in associate (net of tax)	**(0.7)**	–
Hedge accounting ineffectiveness (net of tax)	**–**	0.1
Profit from change in the fair value of investments (net of tax)	**(0.1)**	–
Exceptional recognition of tax losses	**–**	0.1
From underlying continuing operations	**48.7**	47.7
DILUTED EARNINGS PER SHARE (PENCE)		
From continuing and discontinued operations	**48.9**	23.4
From discontinued operations	**(0.2)**	(0.2)
From continuing operations	**48.7**	23.2
Amortisation of intangible assets arising on acquisition (net of tax)	**1.0**	1.0
Acquisition transaction costs (net of tax)	**0.1**	0.2
Adjustment to contingent consideration on acquisition (net of tax)	**0.1**	(0.1)
European exceptional (net of tax)	**(0.4)**	2.4
Goodwill impairment	**–**	20.5
(Profit)/loss on disposal of US Corrections business (net of tax)	**(0.1)**	0.1
Profit on disposal of interest in associate (net of tax)	**(0.7)**	–
Hedge accounting ineffectiveness (net of tax)	**–**	0.1
Profit from change in the fair value of investments (net of tax)	**(0.1)**	–
Exceptional recognition of tax losses	**–**	0.1
From underlying continuing operations	**48.6**	47.5

9 DIVIDENDS

A final dividend in respect of 2014 of 17.7 pence per share, £296 million in aggregate[1], has been proposed, giving a total dividend in respect of 2014 of 26.5 pence per share (2013: 24.0 pence per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 5 February 2015 and has not been included as a liability in these financial statements.

DIVIDENDS ON ORDINARY SHARES	2014 Dividends per share pence	2014 £m	2013 Dividends per share pence	2013 £m
Amounts recognised as distributions to equity shareholders during the year:				
Final dividend for the prior year	**16.0p**	**287**	14.1p	259
Interim dividend for the current year	**8.8p**	**157**	8.0p	145
Total dividends	**24.8p**	**444**	22.1p	404

1 Based on the number of shares in issue at 30 September 2014 (1,674 million shares).

In addition, a Return of Cash of £1 billion was paid to shareholders in the year and is described in more detail in note 24.

10 GOODWILL

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

GOODWILL	£m
COST	
At 1 October 2012	4,151
Additions	39
Disposals	(5)
Currency adjustment	(77)
At 30 September 2013	4,108
At 1 October 2013	**4,108**
Additions	**39**
Disposals	**(13)**
Currency adjustment	**(87)**
At 30 September 2014	**4,047**
IMPAIRMENT	
At 1 October 2012	114
Disposals	(3)
Impairment charge recognised in the year	377
At 30 September 2013	488
At 1 October 2013	**488**
Currency adjustment	**(6)**
Impairment charge recognised in the year	**–**
At 30 September 2014	**482**
NET BOOK VALUE	
At 30 September 2013	3,620
At 30 September 2014	**3,565**

10 GOODWILL CONTINUED

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

GOODWILL BY BUSINESS SEGMENT	**2014 £m**	2013 £m
USA	**1,211**	1,202
Canada	**138**	151
Total North America	**1,349**	1,353
UK	**1,433**	1,426
Japan	**127**	142
Rest of Europe & Japan	**296**	318
Total Europe & Japan	**1,856**	1,886
Turkey	**87**	98
Rest of Fast Growing & Emerging	**273**	283
Total	**3,565**	3,620

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

	2014		2013	
GROWTH AND DISCOUNT RATES	**Residual growth rates**	**Pre-tax discount rates**	Residual growth rates	Pre-tax discount rates
USA	**2.5%**	**8.5%**	2.2%	11.4%
Rest of North America	**2.0%**	**7.9%**	2.0%	10.4%
UK	**2.0%**	**8.0%**	2.0%	10.6%
Rest of Europe & Japan	**1.3-2.8%**	**7.4-16.5%**	0.9%-3.1%	8.9-15.0%
Fast Growing & Emerging	**1.9-7.8%**	**7.8-17.5%**	2.1%-7.8%	9.7-18.3%

During the year ended 30 September 2013, a goodwill impairment charge of £377 million was reported in relation to the Group's business in the UK. The impairment charge was primarily driven by an increase in the discount rate applied as a result of increases in UK gilt rates and reflecting the normal year end review of the long term growth expectations.

Given the current economic climate, a sensitivity analysis has been performed in assessing recoverable amounts of goodwill for all CGUs. This has been based on changes in key assumptions considered to be reasonably possible by management. There are no CGUs that are sensitive to reasonably possible changes in key assumptions.

11 OTHER INTANGIBLE ASSETS

	Computer software £m	Contract and other intangibles[1] Arising on acquisition £m	Contract and other intangibles[1] Other £m	Total £m
COST				
At 1 October 2012	222	354	744	1,320
Additions	21	–	170	191
Disposals	(15)	(1)	(67)	(83)
Business acquisitions	–	68	–	68
Business disposals	(3)	(2)	–	(5)
Reclassified	3	(2)	(1)	–
Currency adjustment	(4)	(16)	(4)	(24)
At 30 September 2013	224	401	842	1,467
At 1 October 2013	**224**	**401**	**842**	**1,467**
Additions	**22**	**–**	**184**	**206**
Disposals	**(5)**	**–**	**(59)**	**(64)**
Business acquisitions	**–**	**89**	**9**	**98**
Business disposals	**–**	**(3)**	**–**	**(3)**
Reclassified	**(2)**	**3**	**4**	**5**
Currency adjustment	**(7)**	**(17)**	**(7)**	**(31)**
At 30 September 2014	**232**	**473**	**973**	**1,678**
AMORTISATION				
At 1 October 2012	152	43	321	516
Charge for the year	21	25	97	143
Disposals	(15)	–	(54)	(69)
Business disposals	(2)	–	–	(2)
Reclassified	2	(2)	–	–
Currency adjustment	(3)	(4)	–	(7)
At 30 September 2013	155	62	364	581
At 1 October 2013	**155**	**62**	**364**	**581**
Charge for the year	**21**	**25**	**107**	**153**
Disposals	**(4)**	**–**	**(54)**	**(58)**
Business disposals	**–**	**–**	**2**	**2**
Reclassified	**–**	**–**	**3**	**3**
Currency adjustment	**(5)**	**(3)**	**(5)**	**(13)**
At 30 September 2014	**167**	**84**	**417**	**668**
NET BOOK VALUE				
At 30 September 2013	69	339	478	886
At 30 September 2014	**65**	**389**	**556**	**1,010**

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

12 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
COST				
At 1 October 2012	301	994	519	1,814
Additions[1]	86	125	67	278
Disposals	(12)	(75)	(44)	(131)
Business disposals – other activities	(2)	(4)	(3)	(9)
Business acquisitions	1	5	–	6
Reclassified	4	(5)	4	3
Currency adjustment	(18)	(11)	(7)	(36)
At 30 September 2013	360	1,029	536	1,925
At 1 October 2013	**360**	**1,029**	**536**	**1,925**
Additions[1]	**29**	**141**	**80**	**250**
Disposals	**(17)**	**(81)**	**(38)**	**(136)**
Business disposals – other activities	**–**	**(12)**	**(1)**	**(13)**
Business acquisitions	**2**	**4**	**1**	**7**
Reclassified	**–**	**8**	**(3)**	**5**
Currency adjustment	**(16)**	**(39)**	**(26)**	**(81)**
At 30 September 2014	**358**	**1,050**	**549**	**1,957**
DEPRECIATION				
At 1 October 2012	174	632	356	1,162
Charge for the year	21	112	48	181
Disposals	(9)	(63)	(38)	(110)
Business disposals – other activities	(2)	(3)	(3)	(8)
Reclassified	–	3	2	5
Currency adjustment	(9)	(6)	(4)	(19)
At 30 September 2013	175	675	361	1,211
At 1 October 2013	**175**	**675**	**361**	**1,211**
Charge for the year	**25**	**113**	**53**	**191**
Disposals	**(16)**	**(71)**	**(33)**	**(120)**
Business disposals – other activities	**–**	**(9)**	**–**	**(9)**
Reclassified	**(1)**	**8**	**(2)**	**5**
Currency adjustment	**(7)**	**(26)**	**(17)**	**(50)**
At 30 September 2014	**176**	**690**	**362**	**1,228**
NET BOOK VALUE				
At 30 September 2013	185	354	175	714
At 30 September 2014	**182**	**360**	**187**	**729**

1 Includes leased assets at a net book value of £2 million (2013: £2 million).

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

PROPERTY, PLANT AND EQUIPMENT HELD UNDER FINANCE LEASES	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
At 30 September 2013	7	8	1	16
At 30 September 2014	**7**	**6**	**1**	**14**

13 INTERESTS IN ASSOCIATES

Significant interests in associates are:

	Country of incorporation	2014 ownership[1]	2013 ownership[1]
Twickenham Experience Limited	England & Wales	**40%**	40%
Oval Events Limited	England & Wales	**25%**	25%
AEG Facilities, LLC	USA	**49%**	49%
Thompson Hospitality Services LLC	USA	**49%**	49%

1 % ownership is of the ordinary share capital.

INTERESTS IN ASSOCIATES	2014 £m	2013 £m
NET BOOK VALUE		
At 1 October	**84**	82
Additions	**48**	–
Disposals	**(19)**	–
Share of profits less losses (net of tax)	**9**	10
Dividends received	**(7)**	(6)
Currency and other adjustments	**(1)**	(2)
At 30 September	**114**	84

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

ASSOCIATES	2014 £m	2013 £m
SHARE OF REVENUE AND PROFITS		
Revenue	**46**	49
Expenses/taxation[1]	**(37)**	(39)
Profit after tax for the year	**9**	10
SHARE OF NET ASSETS		
Non-current assets	**121**	91
Current assets	**106**	98
Non-current liabilities	**(11)**	(9)
Current liabilities	**(102)**	(96)
Net assets	**114**	84
SHARE OF CONTINGENT LIABILITIES		
Contingent liabilities	**(2)**	(2)

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

14 OTHER INVESTMENTS

	2014 £m	2013 £m
NET BOOK VALUE		
At 1 October	**41**	46
Additions	**2**	–
Disposals	**(10)**	(9)
Currency and other adjustments	**3**	4
At 30 September	**36**	41
COMPRISED OF		
Investment in Au Bon Pain[1, 3]	**–**	7
Other investments[1, 3]	**9**	10
Life insurance policies and mutual fund investments[1, 2, 3]	**27**	24
Total	**36**	41

1 Categorised as 'available for sale' financial assets (IAS 39).
2 Life insurance policies used by overseas companies to meet the cost of unfunded post-employment benefit obligations as set out in note 23.
3 As per the fair value hierarchies explained in note 20, the investment in Au Bon Pain was Level 3, other investments are Level 1 and the life insurance policies are Level 2.

15 JOINT VENTURES

PRINCIPAL JOINT VENTURES	Country of incorporation	2014 ownership	2013 ownership
Quadrant Catering Limited[1]	England & Wales	**49%**	49%
ADNH-Compass Middle East LLC	United Arab Emirates	**50%**	50%
Express Support Services Limitada	Angola	**50%**	50%

1 49% ownership in Quadrant Catering Limited entitles Compass Group to 50% of voting rights.

None of these investments is held directly by the ultimate Parent Company. All joint ventures provide food and/or support services in their respective countries of incorporation and make their accounts up to 30 September. All holdings are in the ordinary shares of the respective joint venture company.

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

JOINT VENTURES	2014 £m	2013 £m
SHARE OF REVENUE AND PROFITS		
Revenue	**217**	196
Expenses	**(195)**	(175)
Profit after tax for the year	**22**	21
SHARE OF NET ASSETS		
Non-current assets	**7**	6
Current assets	**84**	78
Non-current liabilities	**(7)**	(6)
Current liabilities	**(47)**	(44)
Net assets	**37**	34
SHARE OF CONTINGENT LIABILITIES		
Contingent liabilities	**21**	20

The share of capital commitments, contracted but not provided for, at 30 September 2014 was £nil (2013: £nil).

16 TRADE AND OTHER RECEIVABLES

	2014			2013		
TRADE AND OTHER RECEIVABLES	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
NET BOOK VALUE						
At 1 October	**2,072**	**83**	**2,155**	2,114	90	2,204
Net movement	**153**	**(12)**	**141**	9	(2)	7
Currency adjustment	**(97)**	**(4)**	**(101)**	(51)	(5)	(56)
At 30 September	**2,128**	**67**	**2,195**	2,072	83	2,155
COMPRISED OF						
Trade receivables	**1,821**	**–**	**1,821**	1,862	4	1,866
Less: Provision for impairment of trade receivables	**(75)**	**–**	**(75)**	(101)	–	(101)
Net trade receivables[1]	**1,746**	**–**	**1,746**	1,761	4	1,765
Other receivables	**82**	**75**	**157**	58	69	127
Less: Provision for impairment of other receivables	**(11)**	**(16)**	**(27)**	(11)	–	(11)
Net other receivables	**71**	**59**	**130**	47	69	116
Accrued income	**189**	**–**	**189**	166	–	166
Prepayments	**122**	**8**	**130**	98	10	108
Trade and other receivables	**2,128**	**67**	**2,195**	2,072	83	2,155

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

Strategic report
Corporate governance
Consolidated financial statements
Parent Company financial statements
Shareholder information

16 TRADE AND OTHER RECEIVABLES CONTINUED

TRADE RECEIVABLES

The book value of trade and other receivables approximates to their fair value due to the short term nature of the majority of the receivables.

Credit sales are only made after credit approval procedures have been completed satisfactorily. The policy for making provisions for bad and doubtful debts varies from country to country as different countries and markets have different payment practices, but various factors are considered, including how overdue the debt is, the type of receivable and its past history, and current market and trading conditions. Full provision is made for debts that are not considered to be recoverable.

There is limited concentration of credit risk with respect to trade receivables due to the diverse and unrelated nature of the Group's client base. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for the impairment of receivables. The book value of trade and other receivables represents the Group's maximum exposure to credit risk.

Trade receivable days for the continuing business at 30 September 2014 were 45 days (2013: 44 days).

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

	2014					
TRADE RECEIVABLES	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Gross trade receivables	**1,474**	**266**	**33**	**15**	**33**	**1,821**
Less: Provision for impairment of trade receivables	**(4)**	**(15)**	**(18)**	**(10)**	**(28)**	**(75)**
Net trade receivables	**1,470**	**251**	**15**	**5**	**5**	**1,746**

	2013					
TRADE RECEIVABLES	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Gross trade receivables	1,442	312	53	22	37	1,866
Less: Provision for impairment of trade receivables	(7)	(10)	(30)	(19)	(35)	(101)
Net trade receivables	1,435	302	23	3	2	1,765

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

	2014			2013		
PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	Trade £m	Other £m	Total £m	Trade £m	Other £m	Total £m
At 1 October	**101**	**11**	**112**	99	8	107
Charged to income statement	**20**	**1**	**21**	38	1	39
Credited to income statement	**(27)**	**(5)**	**(32)**	(15)	(1)	(16)
Utilised	**(14)**	**–**	**(14)**	(12)	–	(12)
Reclassified	**(2)**	**21**	**19**	(8)	3	(5)
Currency adjustment	**(3)**	**(1)**	**(4)**	(1)	–	(1)
At 30 September	**75**	**27**	**102**	101	11	112

At 30 September 2014, trade receivables of £276 million (2013: £330 million) were past due but not impaired. The Group has made a provision based on a number of factors, including past history of the debtor, and all amounts not provided for are considered to be recoverable.

17 INVENTORIES

INVENTORIES	2014 £m	2013 £m
NET BOOK VALUE		
At 1 October	**255**	261
Net movement	**25**	1
Currency adjustment	**(10)**	(7)
At 30 September	**270**	255

18 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	2014 £m	2013 £m
Cash at bank and in hand	**274**	316
Short term bank deposits	**157**	690
Cash and cash equivalents[1]	**431**	1,006

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

CASH AND CASH EQUIVALENTS BY CURRENCY	2014 £m	2013 £m
Sterling	**132**	541
US Dollar	**85**	218
Euro	**39**	71
Japanese Yen	**12**	16
Other	**163**	160
Cash and cash equivalents	**431**	1,006

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

MASTER NETTING OR SIMILAR AGREEMENTS

The Group has master netting agreements for its cash and bank overdrafts and the following balances are offset within the consolidated balance sheet:

	2014		
	Gross £m	**Offset £m**	**Net £m**
Cash and cash equivalents	**602**	**(171)**	**431**
Bank overdrafts	**(208)**	**171**	**(37)**

	2013		
	Gross £m	Offset £m	Net £m
Cash and cash equivalents	1,225	(219)	1,006
Bank overdrafts	(239)	219	(20)

19 SHORT TERM AND LONG TERM BORROWINGS

SHORT TERM AND LONG TERM BORROWINGS	2014 Current £m	2014 Non-current £m	2014 Total £m	2013 Current £m	2013 Non-current £m	2013 Total £m
Bank overdrafts	**37**	**–**	**37**	20	–	20
Bank loans	**4**	**302**	**306**	4	301	305
Loan notes	**–**	**1,076**	**1,076**	74	1,073	1,147
Bonds	**251**	**1,136**	**1,387**	–	772	772
Borrowings (excluding finance leases)	**292**	**2,514**	**2,806**	98	2,146	2,244
Finance leases	**5**	**12**	**17**	6	15	21
Borrowings (including finance leases)[1]	**297**	**2,526**	**2,823**	104	2,161	2,265

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

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

All amounts due under bonds, loan notes and bank facilities are shown net of unamortised issue costs. Additionally, the Group adjusts the carrying values of the bonds and loan notes that are designated in effective fair value hedge relationships, for fair value gains and losses (based on observable market inputs) attributable to the risk being hedged.

The Group has fixed term, fixed interest private placements denominated in US dollar and sterling.

LOAN NOTES	Nominal value	Redeemable	Interest	2014 Carrying value £m	2013 Carrying value £m
US$ private placement	$105m	Oct 2013	6.45%	**–**	65
US$ private placement	$15m	Nov 2013	5.67%	**–**	9
US$ private placement	$162m	Oct 2015	6.72%	**102**	104
Sterling private placement	£35m	Oct 2016	7.55%	**36**	36
US$ private placement	$250m	Oct 2018	3.31%	**157**	159
US$ private placement	$200m	Sep 2020	3.09%	**123**	123
US$ private placement	$398m	Oct 2021	3.98%	**245**	245
US$ private placement	$352m	Oct 2023	4.12%	**223**	220
US$ private placement	$300m	Sep 2025	3.81%	**190**	186
				1,076	1,147

The €500 million 2023 bond and the £250 million 2026 bond were issued during the year. The £250 million 2014 bond is recorded at its fair value to the Group on acquisition.

BONDS	Nominal value	Redeemable	Interest	2014 Carrying value £m	2013 Carrying value £m
Sterling Eurobond	£250m	Dec 2014	7.00%	**251**	262
Euro Eurobond	€600m	Feb 2019	3.13%	**485**	510
Euro Eurobond	€500m	Jan 2023	1.88%	**402**	–
Sterling Eurobond	£250m	Jun 2026	3.85%	**249**	–
				1,387	772

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

MATURITY PROFILE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2014 £m	2013 £m
Within 1 year, or on demand	**292**	98
Between 1 and 2 years	**154**	264
Between 2 and 3 years	**286**	153
Between 3 and 4 years	**–**	286
Between 4 and 5 years	**642**	–
In more than 5 years	**1,432**	1,443
Borrowings (excluding finance leases)	**2,806**	2,244

19 SHORT TERM AND LONG TERM BORROWINGS CONTINUED

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

CARRYING VALUE AND FAIR VALUE OF BORROWINGS (EXCLUDING FINANCE LEASES)	2014 Carrying value £m	2014 Fair value £m	2013 Carrying value £m	2013 Fair value £m
Bank overdrafts	**37**	**37**	20	20
Bank loans	**306**	**306**	305	305
Loan notes	**1,076**	**1,095**	1,147	1,170
£250m Eurobond Dec 2014	**251**	**253**	262	267
€600m Eurobond Feb 2019	**485**	**517**	510	534
€500m Eurobond Jan 2023	**402**	**403**	–	–
£250m Eurobond Jun 2026	**249**	**259**	–	–
Bonds	**1,387**	**1,432**	772	801
Borrowings (excluding finance leases)	**2,806**	**2,870**	2,244	2,296

GROSS AND PRESENT VALUE OF FINANCE LEASE LIABILITIES	2014 Gross £m	2014 Present value £m	2013 Gross £m	2013 Present value £m
Finance lease payments falling due:				
Within 1 year	**5**	**5**	7	6
In 2 to 5 years	**9**	**8**	11	11
In more than 5 years	**5**	**4**	4	4
	19	**17**	22	21
Less: Future finance charges	**(2)**	**–**	(1)	–
Gross and present value of finance lease liabilities	**17**	**17**	21	21

BORROWINGS BY CURRENCY	2014 Borrowings £m	2014 Finance leases £m	2014 Total £m	2013 Borrowings £m	2013 Finance leases £m	2013 Total £m
Sterling	**835**	**–**	**835**	599	–	599
US Dollar	**1,040**	**1**	**1,041**	1,111	2	1,113
Euro	**904**	**13**	**917**	520	13	533
Japanese Yen	**–**	**–**	**–**	–	–	–
Other	**27**	**3**	**30**	14	6	20
Total	**2,806**	**17**	**2,823**	2,244	21	2,265

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

UNDRAWN COMMITTED FACILITIES	2014 £m	2013 £m
Expiring between 1 and 5 years	**1,000**	700

20 DERIVATIVE FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents as disclosed in note 18; debt, which includes the borrowings disclosed in note 19; and equity attributable to equity shareholders of the Parent Company, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

FINANCIAL MANAGEMENT

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

LIQUIDITY RISK

The Group finances its borrowings from a number of sources including the bank, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk.

FOREIGN CURRENCY RISK

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

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

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

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

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

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

FINANCIAL INSTRUMENTS: IMPACT OF STERLING STRENGTHENING BY 10%	2014 Against US Dollar £m	2014 Against Euro £m	2014 Against Japanese Yen £m	2013 Against US Dollar £m	2013 Against Euro £m	2013 Against Japanese Yen £m
(Decrease)/increase in profit for the year (after tax)	**(2)**	**3**	**–**	1	4	–
Increase in total equity	**150**	**21**	**12**	80	17	5

INTEREST RATE RISK

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

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

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Group's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be a loss of £4 million (2013: loss of £1 million) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

20 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

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

INTEREST RATE SENSITIVITY ANALYSIS	2013 Sterling £m	US Dollar £m	Euro £m	Japanese Yen £m	Other £m	Total £m
Increase in interest rate	+1%	+1%	+1%	+1%	+1%	n/a
Floating rate exposure – cash/(debt)	48	(109)	(43)	(53)	44	(113)
Decrease in profit for the year (after tax)	–	(1)	–	–	–	(1)

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

CREDIT RISK

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

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

HEDGING ACTIVITIES

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

FAIR VALUE HEDGES

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

CASH FLOW HEDGES

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

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

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

NET INVESTMENT HEDGES

The Group uses foreign currency denominated debt, forward currency contracts and cross currency swaps to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates. The fair value of debt in a net investment hedge was £2,519 million (2013: £1,464 million). A foreign exchange gain of £41 million (2013: £50 million) relating to the net investment hedges has been netted off within currency translation differences as presented in the consolidated statement of comprehensive income.

DERIVATIVES NOT IN A HEDGING RELATIONSHIP

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

20 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

FAIR VALUE MEASUREMENT

All derivative financial instruments are shown at fair value in the balance sheet. The fair values have been determined by reference to Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair value measurement'. Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market sourced data. There were no transfers between levels in either the year ended 30 September 2014 or 2013. The fair values of derivative financial instruments represent the maximum credit exposure.

DERIVATIVE FINANCIAL INSTRUMENTS	2014 Current assets £m	2014 Non-current assets £m	2014 Current liabilities £m	2014 Non-current liabilities £m	2013 Current assets £m	2013 Non-current assets £m	2013 Current liabilities £m	2013 Non-current liabilities £m
Interest rate swaps:								
Fair value hedges[1]	11	34	–	–	2	41	–	(1)
Not in a hedging relationship[2]	–	–	(1)	–	–	–	(1)	–
Other derivatives:								
Forward currency contracts and cross currency swaps	4	16	(3)	(1)	5	21	(2)	–
Others	1	–	–	–	–	1	–	–
Total	16	50	(4)	(1)	7	63	(3)	(1)

1 Derivatives that are designated and effective as hedging instruments carried at fair value (IAS 39).
2 Derivatives carried at 'fair value through profit or loss' (IAS 39).

NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY	2014 Fair value swaps £m	2014 Cash flow swaps £m	2013 Fair value swaps £m	2013 Cash flow swaps £m
Sterling	220	–	220	–
US Dollar	615	472	680	395
Euro	741	27	393	38
Japanese Yen	–	75	–	45
Other	–	248	–	124
Total	1,576	822	1,293	602

EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AFTER THE EFFECT OF DERIVATIVES	2014 Gross borrowings £m	2014 Forward currency contracts[1] £m	2014 Effective currency of borrowings £m	2013 Gross borrowings £m	2013 Forward currency contracts[1] £m	2013 Effective currency of borrowings £m
Sterling	835	(600)	235	599	(28)	571
US Dollar	1,041	623	1,664	1,113	(75)	1,038
Euro	917	(624)	293	533	(251)	282
Japanese Yen	–	128	128	–	55	55
Other	30	482	512	20	275	295
Total	2,823	9	2,832	2,265	(24)	2,241

1 Includes cross currency contracts.

20 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

GROSS DEBT MATURITY ANALYSIS	2014 Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
FIXED INTEREST							
£250m Eurobond 2026	–	–	–	–	–	249	249
€500m Eurobond 2023	–	–	–	–	–	388	388
€600m Eurobond 2019	–	–	–	–	461	–	461
£250m Eurobond 2014	250	–	–	–	–	–	250
US private placements	–	100	35	–	154	769	1,058
Total fixed interest	250	100	35	–	615	1,406	2,406
Cash flow swaps (fixed leg)	278	442	102	–	–	–	822
Fair value swaps (fixed leg)	(200)	(59)	(20)	–	(505)	(792)	(1,576)
Fixed interest liability	328	483	117	–	110	614	1,652
FLOATING INTEREST							
Bank loans	4	52	250	–	–	–	306
Overdrafts	37	–	–	–	–	–	37
Total floating interest	41	52	250	–	–	–	343
Cash flow swaps (floating leg)	(278)	(442)	(102)	–	–	–	(822)
Fair value swaps (floating leg)	200	59	20	–	505	792	1,576
Floating interest (asset)/liability	(37)	(331)	168	–	505	792	1,097
OTHER							
Finance lease obligations	5	3	2	2	1	4	17
Fair value adjustments to borrowings[1]	1	2	1	–	27	26	57
Other liability	6	5	3	2	28	30	74
Gross debt excluding derivatives	297	157	288	2	643	1,436	2,823
DERIVATIVE FINANCIAL INSTRUMENTS							
Derivative financial instruments[2]	(11)	(19)	(1)	–	(13)	(16)	(60)
Forward currency contracts[1]	(1)	–	–	–	–	–	(1)
Gross debt	285	138	287	2	630	1,420	2,762

1 Non-cash item (changes in the value of this non-cash item are reported via the currency translation gains/(losses) caption in note 28).
2 Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 28).

PRINCIPAL AND INTEREST MATURITY ANALYSIS	2014 Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Gross debt	285	138	287	2	630	1,420	2,762
Less: Overdrafts	(37)	–	–	–	–	–	(37)
Less: Fees and premiums capitalised on issue	(1)	(1)	(1)	(1)	(4)	(3)	(11)
Less: Other non-cash items	11	17	–	–	(14)	(10)	4
Repayment of principal	258	154	286	1	612	1,407	2,718
Interest cash flows on debt and derivatives (settled net)	102	83	75	68	74	221	623
Settlement of forward currency contracts and cross currency swaps – payable leg	(923)	–	–	–	(251)	–	(1,174)
Settlement of forward currency contracts and cross currency swaps – receivable leg	919	–	–	–	234	–	1,153
Repayment of principal and interest	356	237	361	69	669	1,628	3,320

20 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

	2013						
GROSS DEBT MATURITY ANALYSIS	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
FIXED INTEREST							
€600m Eurobond 2019	–	–	–	–	–	497	497
£250m Eurobond 2014	–	250	–	–	–	–	250
US private placements	74	–	100	35	–	924	1,133
Total fixed interest	74	250	100	35	–	1,421	1,880
Cash flow swaps (fixed leg)	390	212	–	–	–	–	602
Fair value swaps (fixed leg)	(65)	(200)	(59)	(20)	–	(949)	(1,293)
Fixed interest liability	399	262	41	15	–	472	1,189
FLOATING INTEREST							
Bank loans	4	2	49	250	–	–	305
Overdrafts	20	–	–	–	–	–	20
Total floating interest	24	2	49	250	–	–	325
Cash flow swaps (floating leg)	(390)	(212)	–	–	–	–	(602)
Fair value swaps (floating leg)	65	200	59	20	–	949	1,293
Floating interest (asset)/liability	(301)	(10)	108	270	–	949	1,016
OTHER							
Finance lease obligations	6	5	3	2	1	4	21
Fair value adjustments to borrowings[1]	–	12	4	1	–	22	39
Other liability	6	17	7	3	1	26	60
Gross debt excluding derivatives	104	269	156	288	1	1,447	2,265
DERIVATIVE FINANCIAL INSTRUMENTS							
Derivative financial instruments[2]	(1)	(20)	(17)	(2)	–	(23)	(63)
Forward currency contracts[1]	(3)	–	–	–	–	–	(3)
Gross debt	100	249	139	286	1	1,424	2,199

1 Non-cash item (changes in the value of this non-cash item are reported via the currency translation gains/(losses) caption in note 28).
2 Non-cash item (changes in the value of this non-cash item are reported via the other non-cash movements caption in note 28).

	2013						
PRINCIPAL AND INTEREST MATURITY ANALYSIS	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Gross debt	100	249	139	286	1	1,424	2,199
Less: Overdrafts	(20)	–	–	–	–	–	(20)
Less: Fees and premiums capitalised on issue	(2)	(1)	(1)	(1)	(1)	(3)	(9)
Less: Other non-cash items	4	8	13	1	–	1	27
Repayment of principal	82	256	151	286	–	1,422	2,197
Interest cash flows on debt and derivatives (settled net)	88	86	65	59	52	174	524
Settlement of forward currency contracts and cross currency swaps – payable leg	(140)	–	–	–	–	–	(140)
Settlement of forward currency contracts and cross currency swaps – receivable leg	142	–	–	–	–	–	142
Repayment of principal and interest	172	342	216	345	52	1,596	2,723

21 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES	2014 Current £m	2014 Non-current £m	2014 Total £m	2013 Current £m	2013 Non-current £m	2013 Total £m
NET BOOK VALUE						
At 1 October	**3,054**	**75**	**3,129**	3,010	38	3,048
Net movement	**204**	**6**	**210**	106	42	148
Currency adjustment	**(119)**	**(3)**	**(122)**	(62)	(5)	(67)
At 30 September	**3,139**	**78**	**3,217**	3,054	75	3,129
COMPRISED OF						
Trade payables[1]	**1,357**	**–**	**1,357**	1,349	–	1,349
Social security and other taxes	**280**	**–**	**280**	279	–	279
Other payables	**185**	**23**	**208**	164	22	186
Deferred consideration on acquisitions[1]	**13**	**21**	**34**	17	6	23
Accruals[2]	**1,041**	**34**	**1,075**	990	47	1,037
Deferred income	**257**	**–**	**257**	248	–	248
Amounts owed to associates[3]	**6**	**–**	**6**	7	–	7
Trade and other payables	**3,139**	**78**	**3,217**	3,054	75	3,129

1 Categorised as 'other financial liabilities' (IAS 39).
2 Of this balance £436 million (2013: £393 million) is categorised as 'other financial liabilities' (IAS 39).
3 Categorised as 'loans and receivables' financial assets (IAS 39).

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

Trade payable days for the continuing business at 30 September 2014 were 72 days (2013: 68 days).

22 PROVISIONS

PROVISIONS	Insurance £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Re-organisation £m	Other £m	Total £m
At 1 October 2012	217	52	79	105	94	56	603
Reclassified[1]	–	(4)	4	1	(1)	(4)	(4)
Expenditure in the year	(11)	(1)	(31)	(5)	(69)	(18)	(135)
Charged to income statement	23	–	4	10	46	12	95
Credited to income statement	–	–	(4)	(16)	(6)	(4)	(30)
Unwinding of discount on provisions	–	–	3	–	–	–	3
Currency adjustment	(1)	–	1	(4)	3	–	(1)
At 30 September 2013	228	47	56	91	67	42	531
At 1 October 2013	**228**	**47**	**56**	**91**	**67**	**42**	**531**
Reclassified[1]	**(3)**	**–**	**(12)**	**(20)**	**–**	**14**	**(21)**
Expenditure in the year	**(2)**	**(1)**	**(19)**	**(9)**	**(34)**	**(24)**	**(89)**
Charged to income statement	**9**	**–**	**9**	**8**	**11**	**2**	**39**
Credited to income statement	**–**	**–**	**(7)**	**(2)**	**(3)**	**(2)**	**(14)**
Business acquisitions	**–**	**–**	**1**	**–**	**–**	**1**	**2**
Business disposals	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Unwinding of discount on provisions	**–**	**–**	**3**	**–**	**–**	**–**	**3**
Currency adjustment	**–**	**–**	**(2)**	**(4)**	**(2)**	**(2)**	**(10)**
At 30 September 2014	**232**	**46**	**29**	**64**	**36**	**31**	**438**

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

PROVISIONS	2014 £m	2013 £m
Current	**161**	189
Non-current	**277**	342
Total provisions	**438**	531

The provision for insurance relates to the potential settlements in respect of claims under self-funded insurance schemes, primarily workers' compensation schemes in the US, and is essentially long term in nature.

Provisions in respect of discontinued and disposed of businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received.

22 PROVISIONS CONTINUED

Provisions for onerous contracts represent the liabilities in respect of short term and long term leases on unoccupied properties and other contracts lasting under five years.

Provisions for legal and other claims relate principally to provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

Provisions for reorganisation include provision for redundancy costs and these are expected to be utilised over the next two years.

Other provisions include environmental provisions. These are in respect of potential liabilities relating to the Group's responsibility for maintaining its operating sites in accordance with statutory requirements and the Group's aim to have a low impact on the environment. These provisions are expected to be utilised as operating sites are disposed of or as environmental matters are resolved.

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

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS

PENSION SCHEMES OPERATED

The Group operates a number of pension arrangements throughout the world which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's assets. Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries. The Group makes employer contributions to the various schemes in existence within the range of 1% to 39% of pensionable salaries.

The contributions payable for defined contribution schemes of £85 million (2013: £80 million) have been fully expensed against profits in the current year.

UK SCHEMES

Within the UK there are now three main arrangements. The Compass Retirement Income Savings Plan (CRISP), the Compass Group Pension Plan (the Plan) and the Company's stakeholder pension arrangement.

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

CRISP has a Corporate Trustee. The Chairman, Nigel Palmer, is a current employee of the Group and was appointed a Trustee Director on 30 May 2013. The other five Trustee Directors are UK based employees of the Group, two of whom have been nominated by CRISP members. At the date of this Report, there is a vacancy for one further Member-Nominated Trustee Director.

The Plan is a defined benefit arrangement. Those UK employees who transfer from the public sector under the Transfer of Undertakings (Protection of Employment) Regulations 2006 are eligible to join the Plan, which has otherwise been closed to new entrants since 2003. Such transferees enter into the GAD sections of the Plan and are known as 'GAD members'. The Plan closed to future accrual for all existing members, other than GAD members, on 5 April 2010. The affected members were offered membership of CRISP from 6 April 2010.

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2013. At the valuation date, the total market value of the assets of the Plan was £1,808 million which represented 92% of the benefits that had accrued to members after allowing for expected future increases in earnings.

By agreement with the Trustees, the Company has agreed to eliminate the 5 April 2013 deficit over a period of six years and three months to 31 December 2019 through monthly payments totalling £26 million per annum. The next triennial valuation is due to be completed as at 5 April 2016. The Plan is reappraised annually by independent actuaries in accordance with IAS 19(R) 'Employee Benefits' requirements.

The Plan has a Corporate Trustee. The Chairman, Peter Morriss to 11 October 2013 and Phillip Whittome from 11 October 2013, and one other Trustee Director are independent. There are a further five Trustee Directors who are either UK based employees or former employees of the Group, three of whom have been nominated by Plan members.

The Company became subject to the Pensions Automatic Enrolment Regulations for its workforce in the UK on 1 November 2012 but, in accordance with the Regulations, deferred its staging date for automatic enrolment of eligible employees until 2 January 2013 in order to ensure that adequate systems were in place and employees were not impacted over the Christmas period. Both the Plan and CRISP are compliant arrangements under these Regulations and have been registered as such.

Employees who are not already in one of these registered compliant arrangements have been automatically enrolled into the National Employment Savings Trust (NEST). The decision to appoint NEST as the Company's partner for automatic enrolment was made following a comprehensive selection process and the Company considers that NEST provides the right type of service, communication material and investment choice for our employees and that it has the capabilities to support a company as large and diverse as Compass.

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

OVERSEAS SCHEMES

In the USA, the main plan is a defined benefit plan. The funding policy, in accordance with government guidelines, is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. In Canada, Norway and Switzerland, the Group also participates in funded defined benefit arrangements.

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

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

In addition, the Group contributes to a number of multi-employer union sponsored pension plans, primarily in the USA. These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans. The Group made total contributions of £10 million in the year (2013: £10 million) to these arrangements.

ALL DEFINED BENEFIT SCHEMES

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

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

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

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

	UK schemes		USA schemes		Other schemes	
	2014	2013	**2014**	2013	**2014**	2013
Discount rate	**4.0%**	4.4%	**3.9%**	4.3%	**2.5%**	3.6%
Inflation	**3.2%**	3.4%	**2.3%**	2.2%	**1.7%**	2.0%
CPI inflation	**2.45%**	2.65%	**n/a**	n/a	**n/a**	n/a
Rate of increase in salaries	**3.2%**	3.4%	**3.0%**	3.0%	**1.7%**	2.1%
Rate of increase for pensions in payment	**3.1%**	3.3%	**2.3%**	2.2%	**0.3%**	0.5%
Rate of increase for deferred pensions*	**2.8%**	3.0%	**0.0%**	0.0%	**0.0%**	0.0%

* This assumption is now presented as a weighted average.

The mortality assumptions used to value the UK pension schemes are derived from the S1NA generational mortality tables with improvements in line with the projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession, with no rating for males and +0.6 year age adjustment for females, with a long term underpin of 1.25%. These mortality assumptions take account of experience to date, and assumptions for further improvements in the life expectancy of scheme members. The Group estimates the average duration of the UK Plan's liabilities to be 18 years (2013: 18 years).

Examples of the resulting life expectancies are as follows:

	2014		2013	
LIFE EXPECTANCY AT AGE 65	**Male**	**Female**	Male	Female
Member aged 65 in 2014 (2013)	**22.5**	**24.4**	22.4	24.4
Member aged 65 in 2039 (2038)	**24.8**	**26.9**	24.7	26.8

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of pension schemes.

For the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries. The mortality assumptions used to value USA schemes are derived from the RP2000 combined healthy table, generational BB2D scale. Examples of the resulting life expectancies are as follows:

	2014		2013	
LIFE EXPECTANCY AT AGE 65	**Male**	**Female**	Male	Female
Member aged 65 in 2014 (2013)	**20.9**	**23.3**	19.2	21.0
Member aged 65 in 2039 (2038)	**22.9**	**25.5**	21.0	22.1

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

SENSITIVITIES OF PRINCIPAL ASSUMPTIONS

Measurement of the Group's defined benefit obligations is particularly sensitive to changes in key assumptions, including discount rate, life expectancy and inflation. The sensitivities of the principal assumptions used to measure the defined benefit obligations of the schemes are set out below:

ASSUMPTION	Change in assumption	Impact on scheme deficit 2014	Impact on scheme deficit 2013
UK			
Discount rate	Increase by 0.5%	Decrease by £170 million	Decrease by £159 million
	Decrease by 0.5%	Increase by £181 million	Increase by £169 million
Inflation	Increase by 0.5%	Increase by £104 million	Increase by £98 million
	Decrease by 0.5%	Decrease by £99 million	Decrease by £94 million
CPI Inflation	Increase by 0.5%	Increase by £29 million	Increase by £27 million
	Decrease by 0.5%	Decrease by £29 million	Decrease by £27 million
Life expectations from age 65	Increase by 1 year	Increase by £55 million	Increase by £49 million
Life expectations – annual improvement rate	Increase by 0.25% per annum	Increase by £26 million	Increase by £22 million
USA AND OTHER			
Discount rate	Increase by 0.5%	Decrease by £18 million	Decrease by £19 million
	Decrease by 0.5%	Increase by £19 million	Increase by £20 million
Inflation	Increase by 0.5%	Increase by £4 million	Increase by £5 million
	Decrease by 0.5%	Decrease by £4 million	Decrease by £5 million
Life expectations from age 65	Increase by 1 year	Increase by £8 million	Increase by £6 million

The sensitivities above consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption, although this is not always the case. The impact of a change in the UK inflation rate shown above includes the impact of a change in both the RPI and CPI inflation rates.

The Group's net pension deficit is the difference between the schemes' liabilities and the schemes' assets. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the changes in assumptions. For example, a fall in interest rates will increase the schemes' liabilities but may also trigger an offsetting increase in the market value of certain assets so there is no effect on the Group's liability.

ANALYSIS OF THE FAIR VALUE OF PLAN ASSETS

At 30 September 2014, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of equities and debt securities. The fair value of these assets is shown below by major category:

	2014				2013			
FAIR VALUE OF PLAN ASSETS BY MAJOR CATEGORY	**UK £m**	**USA £m**	**Other £m**	**Total £m**	UK £m	USA £m	Other £m	Total £m
EQUITY TYPE ASSETS								
Global equities quoted	**541**	**165**	**11**	**717**	581	110	13	704
Global equities unquoted	**–**	**–**	**12**	**12**	–	–	10	10
GOVERNMENT BONDS								
UK fixed interest quoted	**352**	**–**	**–**	**352**	–	–	–	–
UK index linked quoted	**625**	**–**	**–**	**625**	842	–	–	842
Overseas quoted	**–**	**14**	**6**	**20**	–	11	3	14
Overseas unquoted	**–**	**–**	**20**	**20**	–	–	31	31
CORPORATE BONDS								
Corporate bonds quoted	**278**	**68**	**–**	**346**	248	129	3	380
Corporate bonds unquoted	**–**	**–**	**2**	**2**	–	–	2	2
Diversified securities quoted	**–**	**9**	**–**	**9**	–	–	–	–
OTHER ASSETS								
Property funds quoted	**145**	**–**	**1**	**146**	97	–	1	98
Property funds unquoted	**–**	**–**	**13**	**13**	–	–	14	14
Insurance policies unquoted	**–**	**–**	**11**	**11**	–	–	47	47
Other assets	**–**	**–**	**5**	**5**	–	–	2	2
Cash and cash equivalents	**3**	**23**	**3**	**29**	4	–	1	5
At 30 September	**1,944**	**279**	**84**	**2,307**	1,772	250	127	2,149

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The UK Plan has substantial holdings of diversified global equity type investments, mainly shares in listed companies. The return on these investments is variable, and they are generally considered to be 'riskier' investments. However, it is generally accepted that the yield on these investments will contain a premium to compensate investors for this additional risk. There is significant uncertainty about the likely size of this risk premium. In respect of investments held in global equities there is also a risk of unfavourable currency movements. The Trustee manages these risks by holding approximately 50% of those investments in funds which are hedged against currency movements.

The Trustee also holds corporate bonds and other fixed interest securities. The risk of default on these is assessed by various rating agencies. Some of these bond investments are issued by HM Government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS	2014 UK £m	2014 USA £m	2014 Other £m	2014 Total £m	2013 UK £m	2013 USA £m	2013 Other £m	2013 Total £m
At 1 October	**1,772**	**250**	**127**	**2,149**	1,546	224	129	1,899
Currency adjustment	**–**	**–**	**(6)**	**(6)**	–	(1)	(2)	(3)
Interest income on plan assets	**78**	**10**	**3**	**91**	67	14	5	86
Return on plan assets, excluding interest income	**122**	**14**	**1**	**137**	109	10	–	119
Employee contributions	**–**	**15**	**2**	**17**	–	14	3	17
Employer contributions	**30**	**15**	**15**	**60**	102	16	28	146
Benefits paid	**(58)**	**(24)**	**(14)**	**(96)**	(52)	(20)	(23)	(95)
Administration expenses paid from plan assets	**–**	**(1)**	**–**	**(1)**	–	–	–	–
Disposals and plan settlements	**–**	**–**	**(44)**	**(44)**	–	(7)	(13)	(20)
At 30 September	**1,944**	**279**	**84**	**2,307**	1,772	250	127	2,149

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2014 UK £m	2014 USA £m	2014 Other £m	2014 Total £m	2013 UK £m	2013 USA £m	2013 Other £m	2013 Total £m
At 1 October	**1,790**	**352**	**216**	**2,358**	1,678	342	241	2,261
Currency adjustment	**–**	**–**	**(13)**	**(13)**	–	(1)	(1)	(2)
Current service cost	**2**	**7**	**9**	**18**	2	7	12	21
Past service cost	**–**	**1**	**(5)**	**(4)**	–	–	–	–
Interest expense on benefit obligations	**78**	**14**	**6**	**98**	74	16	7	97
Remeasurements – demographic assumptions	**12**	**9**	**2**	**23**	(44)	–	6	(38)
Remeasurements – financial assumptions	**96**	**15**	**11**	**122**	119	–	(13)	106
Remeasurements – experience	**–**	**1**	**2**	**3**	13	1	(2)	12
Employee contributions	**–**	**15**	**2**	**17**	–	14	3	17
Benefits paid	**(58)**	**(24)**	**(14)**	**(96)**	(52)	(20)	(23)	(95)
Disposals and plan settlements	**–**	**–**	**(44)**	**(44)**	–	(7)	(14)	(21)
Acquisitions	**–**	**–**	**1**	**1**	–	–	–	–
At 30 September	**1,920**	**390**	**173**	**2,483**	1,790	352	216	2,358

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2014 UK £m	2014 USA £m	2014 Other £m	2014 Total £m	2013 UK £m	2013 USA £m	2013 Other £m	2013 Total £m
Funded obligations	**1,878**	**301**	**107**	**2,286**	1,750	273	150	2,173
Unfunded obligations	**42**	**89**	**66**	**197**	40	79	66	185
Total obligations	**1,920**	**390**	**173**	**2,483**	1,790	352	216	2,358

POST-EMPLOYMENT BENEFIT OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	2014 £m	2013 £m
Present value of defined benefit obligations[1]	**2,483**	2,358
Fair value of plan assets	**(2,307)**	(2,149)
Post-employment benefit obligations recognised in the balance sheet	**176**	209

1 As disclosed in section A, Accounting convention and basis of preparation, in the Accounting Policies, a past service cost of £1 million has been recognised in the balance sheet as at 30 September 2013.

Certain Group companies have taken out life insurance policies and invested in mutual funds which will be used to meet unfunded pension obligations. The current value of these policies and other assets, £27 million (2013: £24 million), may not be offset against pension obligations under IAS 19(R) and is reported within note 14.

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

AMOUNTS RECOGNISED THROUGH THE INCOME STATEMENT

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

	2014				2013			
	UK £m	USA £m	Other £m	Total £m	UK £m	USA £m	Other £m	Total £m
Current service cost	2	7	9	18	2	7	12	21
Past service cost	–	1	(5)	(4)	–	–	–	–
Charged to operating expenses	2	8	4	14	2	7	12	21
Interest expense on benefit obligations	78	14	6	98	74	16	7	97
Interest income on plan assets	(78)	(10)	(3)	(91)	(67)	(14)	(5)	(86)
Charged to finance costs	–	4	3	7	7	2	2	11
Total charged in the consolidated income statement	2	12	7	21	9	9	14	32

The Group made total contributions to defined benefit schemes of £60 million in the year (2013: £146 million), including exceptional advance payments of £nil (2013: £72 million) and expects to make regular ongoing contributions to these schemes of £65 million in 2015.

AMOUNTS RECOGNISED THROUGH THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2014 £m	2013 £m
Remeasurement of post-employment benefit obligations		
Effect of changes in demographic assumptions	(23)	38
Effect of changes in financial assumptions	(122)	(106)
Effect of experience adjustments	(3)	(12)
Remeasurement of post-employment benefit obligations – loss	(148)	(80)
Return on plan assets, excluding interest income – gain	137	119
Total recognised in the consolidated statement of comprehensive income	(11)	39

24 SHARE CAPITAL

During the year, 128,800 options were granted under The Compass Group Share Option Plan 2010. All options were granted over the Company's ordinary shares and the grant price was equivalent to the market value of the Company's shares at the date of grant. No options were granted under any of the Company's other share option plans.

During the year, the Company completed the on market share buyback programme that commenced on 7 January 2013 and commenced a further programme. A total of 21,752,881 ordinary shares of 10 pence each were repurchased for consideration of £200 million and cancelled in the period to 26 March 2014.

On 14 May 2014, Compass Group PLC announced a Return of Cash to shareholders of approximately £1 billion. The Return of Cash was accompanied by a consolidation of the existing ordinary shares in the ratio of 16 new ordinary shares for every 17 existing ordinary shares held. Following approval of the Return of Cash to shareholders on 11 June 2014, 1,366,745,487 C shares of 0.0001 pence each and 419,413,879 B shares of 56 pence each were issued on 8 July 2014 following partial capitalisation of the share premium account. On 15 July 2014 a dividend of 56 pence per share was declared on the C shares at a cost of £765 million payable on 29 July 2014 and these shares were reclassified as deferred shares. On the same day the B shares were redeemed for 56 pence per share at a cost of £235 million, payable on 29 July 2014. The deferred shares were redeemed on 15 July 2014. Following redemption, the B shares and deferred shares were cancelled. Costs in relation to the Return of Cash were £2 million.

The on market share buyback programme was resumed on 31 July 2014. During the period to 30 September 2014, a total of 8,000,000 ordinary shares of 10⅝ pence each were repurchased for consideration of £78 million and cancelled. The Company also contracted to repurchase a further 200,000 ordinary shares of 10⅝ pence each before 30 September 2014 for consideration of £1.9 million which was settled in October 2014.

24 SHARE CAPITAL CONTINUED

ALLOTTED SHARE CAPITAL	2014 Number of shares	2014 £m	2013 Number of shares	2013 £m
Allotted and fully paid:				
Ordinary shares of 10p each	–	–	1,804,035,995	180
New ordinary shares of 10⅝p each	**1,673,886,784**	**178**	–	–
	1,673,886,784	**178**	1,804,035,995	180
At 1 October		**180**		186
Ordinary and new ordinary shares allotted during the year		**1**		–
Repurchase of ordinary and new ordinary shares		**(3)**		(6)
At 30 September		**178**		180

NUMBER OF SHARES

ALLOTTED SHARE CAPITAL	2014 Ordinary shares of 10p each	2014 New ordinary shares of 10⅝p each	2014 B shares of 56p each	2014 C shares of 0.0001p each	2014 Deferred shares of 0.0001p each	2013 Ordinary shares of 10p each
At 1 October	**1,804,035,995**	–	–	–	–	1,855,164,098
Ordinary and new ordinary shares allotted during the year on exercise of share options	**2,542,672**	**795,616**	–	–	–	3,419,777
Ordinary shares allotted during the year on release of Long Term Incentive Plan awards	**1,333,578**	–	–	–	–	1,788,086
Ordinary shares issued to Compass Group Employee Share Trust	**2**	–	–	–	–	–
Repurchase of ordinary and new ordinary shares	**(21,752,881)**	**(8,000,000)**	–	–	–	(56,335,966)
B and C shares issued through capitalisation of share premium account	–	–	**419,413,879**	**1,366,745,487**	–	–
Conversion of 17 ordinary shares of 10p each to 16 new ordinary shares of 10⅝p each	**(1,786,159,366)**	**1,681,091,168**	–	–	–	–
Redemption and cancellation of B shares	–	–	**(419,413,879)**	–	–	–
Reclassification of C shares to deferred shares	–	–	–	**(1,366,745,487)**	**1,366,745,487**	–
Cancellation of deferred shares	–	–	–	–	**(1,366,745,487)**	–
At 30 September	–	**1,673,886,784**	–	–	–	1,804,035,995

At 30 September 2014, employees held options over a total of 15,296,670 new ordinary shares under the Group's Executive and Management Share Option Plans as follows:

EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	Exercisable	Number of shares	Option price per share pence
Date of grant:			
1 December 2004	1 December 2007 – 30 November 2014	593,425	229.25
14 December 2005	14 December 2008 – 13 December 2015	278,690	210.00
12 June 2006	12 June 2009 – 11 June 2016	5,000	234.50
30 March 2007	30 March 2010 – 29 March 2017	387,392	335.75
28 September 2007	28 September 2010 – 27 September 2017	28,660	310.75
28 March 2008	28 March 2011 – 27 March 2018	539,771	321.50
31 March 2009	31 March 2012 – 30 March 2019	1,032,399	319.00
30 September 2009	30 September 2012 – 29 September 2019	7,635	372.40
13 May 2010	13 May 2013 – 12 May 2020	1,175,188	557.50
25 November 2010	25 November 2013 – 24 November 2020	44,554	566.00
19 May 2011	19 May 2014 – 18 May 2021	2,025,476	575.00
25 November 2011	25 November 2014 – 24 November 2021	135,337	545.50
17 May 2012	17 May 2015 – 16 May 2022	4,521,834	627.00
22 November 2012	22 November 2015 – 21 November 2022	216,300	699.50
16 May 2013	16 May 2016 – 15 May 2023	4,182,609	878.00
29 November 2013	29 November 2016 – 28 November 2023	122,400	922.00
		15,296,670	

24 SHARE CAPITAL CONTINUED

Options granted after 3 February 2011 under the terms of The Compass Group Share Option Plan 2010 may be net settled at the discretion of the Company on exercise by the option holders, sufficient new ordinary shares being issued to satisfy the profit realised during the period of the option.

In addition, shares have also been awarded under the Compass Group PLC Long Term Incentive Plan 2010 (LTIP 2010):

	Vesting date	Number of shares	Performance target
Date of award:			
25 November 2011	1 October 2014	1,517,092	50% TSR/50% AFCF
17 May 2012	1 October 2014	114,832	50% TSR/50% AFCF
12 February 2013	1 October 2015	1,159,860	33% TSR/33% AFCF/33% ROCE
18 February 2013	1 October 2015	18,717	33% TSR/33% AFCF/33% ROCE
29 November 2013	1 October 2016	868,422	33% TSR/33% AFCF/33% ROCE
29 November 2013	1 October 2016	13,556	50% AFCF/50% ROCE
9 July 2014	9 July 2017	1,484,092	50% AFCF/50% ROCE
		5,176,571	

The performance and vesting conditions are described in more detail in note 25.

25 SHARE-BASED PAYMENTS

SHARE OPTIONS

Full details of The Compass Group Share Option Plan 2010 (CSOP 2010), the Compass Group Share Option Plan (CSOP 2000), the Compass Group Management Share Option Plan (Management Plan) (collectively the Executive and Management Share Option Plans) and the UK Sharesave Plan are set out in prior years' Annual Reports which are available on the Company's website.

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

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

	2014		2013	
EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	**Number of share options**	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at 1 October	**21,107,790**	**577.50**	21,774,335	469.17
Granted	**128,800**	**922.00**	4,650,560	869.56
Exercised	**(3,338,288)**	**397.11**	(3,419,777)	342.63
Lapsed (following net settlement)	**(1,604,825)**	**570.53**	(860,654)	557.50
Expired	**(381,300)**	**342.91**	(323,450)	317.20
Lapsed	**(615,507)**	**658.71**	(713,224)	443.15
Outstanding at 30 September	**15,296,670**	**623.07**	21,107,790	577.50
Exercisable at 30 September	**6,118,190**	**438.93**	7,632,895	371.03

	2014		2013	
UK SHARESAVE PLAN	**Number of share options**	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at 1 October	**–**	**–**	12,965	179.20
Lapsed	**–**	**–**	(12,965)	179.20
Outstanding at 30 September	**–**	**–**	–	–

25 SHARE-BASED PAYMENTS CONTINUED

INFORMATION RELATING TO ALL OPTION SCHEMES

The weighted average share price at the date of exercise for share options exercised during the year was 951.30 pence (2013: 826.94 pence).

The executive and management options outstanding at the end of the year have a weighted average remaining contractual life of 6.7 years (2013: 7.0 years).

In the year, options were granted on 29 November 2013 under the terms of the CSOP 2010. The estimated fair value of options granted on these dates was 98.06 pence. In 2013, options were granted on 22 November 2012 and 16 May 2013. The estimated fair value of these options was 95.82 pence and 99.88 pence respectively.

Fair values for the executive and management schemes were calculated using a binomial distribution option pricing model so that proper allowance is made for the presence of performance conditions and the possibility of early exercise. In addition, a Monte Carlo simulation model was used to estimate the probability of performance conditions being met. The inputs to the option pricing models are reassessed for each grant.

The expected volatility is calculated with reference to weekly movements in the Compass share price over the three years prior to the grant date.

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

ASSUMPTIONS – OPTIONS	**2014**	2013
Expected volatility	**15.3%**	17.4%
Risk free interest rate	**1.8%**	1.0%
Dividend yield	**2.6%**	2.5%
Expected life	**6.0 years**	6.0 years
Weighted average share price at date of grant	**921.00p**	875.49p
Weighted average option exercise price	**922.00p**	869.56p

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

		Target			
		Threshold		Maximum	
EXECUTIVE AND MANAGEMENT SHARE OPTION PLANS	Performance period	AFCF £m	% of award	AFCF £m	% of award
Granted on:					
25 November 2011 and 17 May 2012	1 October 2011 – 30 September 2014	2,360	25%	2,478	100%
22 November 2012 and 16 May 2013	1 October 2012 – 30 September 2015	2,246	0%	2,482	100%
29 November 2013	1 October 2013 – 30 September 2016	2,423	0%	2,679	100%

Performance targets applying to earlier grants under the Executive and Management Share Option Plans have been met in full.

LONG TERM INCENTIVE PLANS

Full details of The Compass Group PLC Long Term Incentive Plan 2010 (2010 LTIP) can be found in the Directors' Remuneration Report on pages 59 to 76.

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

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

LONG TERM INCENTIVE PLANS	**2014 Number of shares**	2013 Number of shares
Outstanding at 1 October	**4,170,607**	4,780,116
Awarded	**2,381,464**	1,178,577
Released	**(1,333,578)**	(1,788,086)
Lapsed	**(41,922)**	–
Outstanding at 30 September	**5,176,571**	4,170,607
Available for release at 30 September	**–**	–

25 SHARE-BASED PAYMENTS CONTINUED

PERFORMANCE TARGETS – LONG TERM INCENTIVE PLANS	2014 Number of shares	2013 Number of shares
Total shareholder return (TSR)	**1,498,295**	1,888,874
Cumulative three year adjusted free cash flow (AFCF)	**2,247,119**	1,888,874
Improvement in return on capital employed (ROCE)	**1,431,157**	392,859
Outstanding at 30 September	**5,176,571**	4,170,607

Vesting of a proportion of LTIP awards is dependent on the Group's total shareholder return (TSR) performance relative to a comparator group of non-financial companies included within the FTSE 100 Index. This performance condition is treated as a market based condition for valuation purposes and an assessment of the vesting probability is built into the grant date fair value calculations. This assessment was calculated using a Monte Carlo simulation option pricing model.

Vesting of a proportion of LTIP awards is dependent on the achievement of the cumulative three year AFCF target. 100% of that element of the award will vest if the maximum AFCF target is met, and a proportion of the award will vest if the threshold AFCF target is met, as set out in the table below. Awards vest on a straight line basis between these two points.

		Target			
		Threshold		Maximum	
LONG TERM INCENTIVE PLANS	Performance period	AFCF £m	% of award	AFCF £m	% of award
Awarded during the year commencing:					
1 October 2011	1 October 2011 – 30 September 2014	2,360	25%	2,478	100%
1 October 2012	1 October 2012 – 30 September 2015	2,246	0%	2,482	100%
1 October 2013	1 October 2013 – 30 September 2016	2,423	0%	2,679	100%

Vesting of a proportion of LTIP awards is dependent on the achievement of the ROCE improvement target over the performance period. 100% of that element of the award will vest if the maximum ROCE improvement target is met, and a proportion of the award will vest if the threshold growth target is met, as set out in the table below. Awards vest on a straight line basis between these two points.

		Target			
		Threshold		Maximum	
LONG TERM INCENTIVE PLANS	Performance period	ROCE %	% of award	ROCE %	% of award
Awarded year commencing:					
1 October 2012	1 October 2012 – 30 September 2015	17.9%	25%	19.6%	100%
1 October 2013	1 October 2013 – 30 September 2016	18.4%	0%	20.1%	100%

The fair value of awards subject to AFCF and ROCE improvement performance targets was calculated using the Black-Scholes option pricing model. The vesting probability of each element has been assessed based on a simulation model of the AFCF and ROCE improvement forecasts. The AFCF performance targets relating to LTIP awards made in the years commencing 1 October 2009 and 1 October 2010 were met in full and the maximum number of shares available were released to the participants.

The element of awards made in the year commencing 1 October 2009 dependent upon TSR performance targets also vested in full and the maximum number of shares available were released to participants as the Company's TSR performance was within the top quartile of the comparator group. For awards made in the year commencing 1 October 2010, the Company's TSR performance fell just outside the top quartile of the comparator group and as a result 96.1% of that element of the award vested. The weighted average share price at the date of release for LTIP awards released during 2014 was 938.50 pence (2013: 720.51 pence).

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.5 years (2013: 1.1 years).

For the year ended 30 September 2014, LTIP awards were made on 29 November 2013 and 9 July 2014 for which the estimated fair value was 582.03 pence and 653.22 pence respectively. For year ended 30 September 2013, LTIP awards were made on 12 February 2013 and 18 February 2013 for which the estimated fair value was 601.42 pence and 608.28 pence respectively. These awards were all made under the terms of the 2010 LTIP.

The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculating the fair value of LTIP awards made during the year:

ASSUMPTIONS – LONG TERM INCENTIVE PLANS	2014	2013
Expected volatility	**15.5%**	19.4%
Risk free interest rate	**0.7%**	0.5%
Dividend yield	**2.4%**	2.8%
Expected life	**2.9 years**	2.6 years
Weighted average share price at date of grant	**986.23p**	775.13p

25 SHARE-BASED PAYMENTS CONTINUED

RESTRICTED SHARES

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

RESTRICTED SHARES	2014 Number of shares	2013 Number of shares
Outstanding at 1 October	**118,353**	119,206
Awarded	**264,770**	35,000
Vested and released	**(35,853)**	(35,853)
Outstanding at 30 September	**347,270**	118,353
Vested and available for release at 30 September	**–**	–

RESTRICTED SHARES (PHANTOM AWARDS)	2014 Number of shares	2013 Number of shares
Outstanding at 1 October	**52,460**	52,460
Outstanding at 30 September	**52,460**	52,460
Vested and available for release at 30 September	**–**	–

The phantom restricted shares were awarded on 25 November 2011 and will vest on 25 November 2014 subject to the achievement of a period of service performance conditions. These awards are cash-settled and the fair value is reassessed at each balance sheet date. The carrying amount as at 30 September 2014 is £0.5 million (2013: £0.3 million).

The fair value of restricted shares awarded in the year, including phantom awards, was calculated using the Black-Scholes option pricing model, using the following assumptions:

ASSUMPTIONS – RESTRICTED SHARES	2014	2013
Expected volatility	**15.3%**	16.8%
Risk free interest rate	**0.7%**	0.5%
Dividend yield	**2.6%**	2.6%
Expected life	**2.4 years**	1.6 years
Weighted average share price at date of grant	**923.08p**	863.00p

The weighted average share price at the date of release for restricted share awards released during 2014 was 997.93 pence (2013: 806.36 pence).

DEFERRED ANNUAL BONUS PLAN

Certain senior executives participate in the Deferred Annual Bonus Plan. Awards made before 30 September 2013 comprised two elements. Payment of a portion of the annual bonus awarded to these executives is deferred for three years. The amount released on expiry of the deferral period may be increased subject to achievement of organic revenue growth, profit growth and personal performance targets. Any amount paid in cash must be immediately reinvested in ordinary shares of the Company which must then be held for a qualifying period.

The second element of the award reflects the growth in the Company's share price over the deferral period assuming that the deferred element of the annual bonus had been invested in ordinary shares of the Company at the start of the deferral period. The fair value of the awards is determined by using the Black-Scholes option pricing model. Any sum payable at the end of the deferral period is paid in cash. The Group has recorded a liability of £2.5 million (2013: £1.2 million) in respect of awards made before 30 September 2013 under this plan.

The terms of the plan were revised in 2014. Payment of a portion of the annual bonus awarded to certain executives is converted into shares. Subject to the achievement of organic revenue growth, cumulative PBIT and personal performance targets over the three year deferral period, the number of deferred shares may be increased. Deferred shares are only released to the participants if minimum threshold performance levels are met. A total of 285,040 deferred shares have been awarded which will vest in full if the maximum performance targets are met. 75% of the awards will vest if minimum threshold performance levels are met. Awards vest on a straight line basis between these two points.

The fair value of these awards has been calculated using the Black-Scholes option pricing model, using the following assumptions:

ASSUMPTIONS – DEFERRED ANNUAL BONUS PLAN	2014	2013
Expected volatility	**15.3%**	–
Risk free interest rate	**0.7%**	–
Dividend yield	**2.6%**	–
Expected life	**3.0 years**	–
Weighted average share price at date of grant	**921.00p**	–

25 SHARE-BASED PAYMENTS CONTINUED

ACCELERATED GROWTH PLAN

Contingent share awards under this plan have been awarded to the leadership team in certain countries in order to reward and encourage the growth of those businesses. Vesting of these awards is subject to the achievement of local organic revenue growth, cumulative PBIT and personal performance targets over the three year period. A total of 605,564 contingent shares were awarded in the year to 30 September 2014 of which 42,494 have subsequently lapsed. The remaining 563,070 contingent shares will vest in full if the maximum performance targets are met. 50% of the awards will vest if minimum threshold performance levels are met. Awards vest on a straight line basis between these two points. No further awards were made in the year to 30 September 2014.

The fair value of these awards has been calculated using the Black-Scholes option pricing model.

LONG TERM BONUS PLAN

Certain executives participating in the Long Term Bonus Plan in prior years received an award of deferred Compass Group PLC shares. The award of bonus shares is subject to performance conditions and matching shares may be released by the Company following the completion of a further period of service. The terms of the Plan require that these shares are purchased in the market, rather than being issued by the Company. The shares are purchased and distributed by the ESOP and LTIPT.

The following table illustrates the movement in the number of awards during the year:

LONG TERM BONUS PLAN	**2014 Number of shares**	2013 Number of shares
Outstanding at 1 October	**352,953**	352,953
Released	**(67,685)**	–
Lapsed	**(7,802)**	–
Outstanding at 30 September	**277,466**	352,953

The fair value of bonus shares awarded is calculated using the Black-Scholes option pricing model; however, no new awards were made in either 2014 or 2013.

The weighted average share price at the date of release for share bonus awards released during 2014 was 966.00 pence. No awards were released during 2013. The share bonus awards have all vested, although certain executives have elected to defer taking their entitlements for a further period of up to 3.3 years (2013: 4.3 years), the weighted average deferral period being 1.3 years (2013: 1.8 years).

INCOME STATEMENT EXPENSE

The Group recognised an expense of £13 million (2013: £11 million) for continuing operations in respect of equity-settled share-based payment transactions and £2 million (2013: £2 million) in respect of cash-settled share-based payment transactions.

26 BUSINESS COMBINATIONS

The Group has completed a number of small infill acquisitions in several countries for total consideration of £138 million, of which £107 million was paid in the year. In addition, the Group paid a further £18 million deferred consideration relating to prior years and increased its investments in associates in the year with a gross spend of £48 million.

Acquisition transaction costs expensed in the year to 30 September 2014 were £3 million (2013: £3 million).

In the period from acquisition to 30 September 2014, the acquisitions contributed revenue of £76 million and operating profit of £3 million to the Group's results.

If the acquisitions had occurred on 1 October 2013, it is estimated that Group revenue for the period would have been £17,121 million and total Group operating profit (including associates) would have been £1,225 million.

27 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY CONTINUING OPERATIONS	2014 £m	2013 £m
Operating profit from continuing operations	**1,208**	792
Adjustments for:		
Acquisition transaction costs	**3**	3
Amortisation of intangible assets	**128**	118
Amortisation of intangible assets arising on acquisition	**25**	25
Depreciation of property, plant and equipment	**191**	181
Profit on disposal of property, plant and equipment/intangible assets	**(1)**	–
Goodwill impairment	**–**	377
Decrease in provisions	**(64)**	(71)
Decrease in post-employment benefit obligations	**(45)**	(54)
Share-based payments – charged to profits	**13**	12
Operating cash flows before movement in working capital	**1,458**	1,383
(Increase)/decrease in inventories	**(18)**	1
(Increase)/decrease in receivables	**(154)**	3
Increase in payables	**156**	98
Cash generated by continuing operations	**1,442**	1,485

28 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

This table is presented as additional information to show movement in net debt, defined as overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.

		Gross debt						
NET DEBT	Cash and cash equivalents £m	Bank overdrafts £m	Bank and other borrowings £m	Total overdrafts and borrowings £m	Finance leases £m	Derivative financial instruments £m	Total gross debt £m	Net debt £m
At 1 October 2012	728	(58)	(1,699)	(1,757)	(28)	84	(1,701)	(973)
Net increase in cash and cash equivalents	297	–	–	–	–	–	–	297
Cash inflow from issue of bonds	–	–	(563)	(563)	–	–	(563)	(563)
Cash outflow/(inflow) from other changes in gross debt	–	40	11	51	–	(42)	9	9
Cash outflow from repayment of obligations under finance leases	–	–	–	–	9	–	9	9
Increase in net debt as a result of new finance leases taken out	–	–	–	–	(2)	–	(2)	(2)
Currency translation (losses)/gains	(19)	(2)	(19)	(21)	–	72	51	32
Other non-cash movements	–	–	46	46	–	(48)	(2)	(2)
At 30 September 2013	1,006	(20)	(2,224)	(2,244)	(21)	66	(2,199)	(1,193)
At 1 October 2013	**1,006**	**(20)**	**(2,224)**	**(2,244)**	**(21)**	**66**	**(2,199)**	**(1,193)**
Net decrease in cash and cash equivalents	**(559)**	**–**	**–**	**–**	**–**	**–**	**–**	**(559)**
Cash inflow from issue of bonds	**–**	**–**	**(646)**	**(646)**	**–**	**–**	**(646)**	**(646)**
Cash outflow from repayment of loan notes	**–**	**–**	**74**	**74**	**–**	**–**	**74**	**74**
Cash inflow from other changes in gross debt	**–**	**(18)**	**(3)**	**(21)**	**–**	**(4)**	**(25)**	**(25)**
Cash outflow from repayment of obligations under finance leases	**–**	**–**	**–**	**–**	**5**	**–**	**5**	**5**
Increase in net debt as a result of new finance leases taken out	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**	**(2)**
Currency translation (losses)/gains	**(16)**	**1**	**51**	**52**	**1**	**(24)**	**29**	**13**
Other non-cash movements	**–**	**–**	**(21)**	**(21)**	**–**	**23**	**2**	**2**
At 30 September 2014	**431**	**(37)**	**(2,769)**	**(2,806)**	**(17)**	**61**	**(2,762)**	**(2,331)**

28 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT CONTINUED

Other non-cash movements are comprised as follows:

OTHER NON-CASH MOVEMENTS IN NET DEBT	2014 £m	2013 £m
Amortisation of fees and discount on issuance	**(2)**	(2)
Amortisation of the fair value adjustment in respect of the £250 million Sterling Eurobond redeemable in 2014	**4**	4
Changes in the fair value of bank and other borrowings in a designated fair value hedge	**(23)**	44
Bank and other borrowings	**(21)**	46
Changes in the value of derivative financial instruments including accrued income	**23**	(48)
Other non-cash movements	**2**	(2)

29 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2014 £m	2013 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**392**	414

1 Excludes bonds, guarantees and indemnities in respect of self-insurance liabilities, post-employment obligations and borrowings (including finance and operating leases) recorded on the balance sheet or disclosed in note 31.

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint ventures and associates. Where the Group enters into such arrangements, it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations. The issue of such guarantees and indemnities does not therefore increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

EUREST SUPPORT SERVICES

On 21 October 2005, the Company announced that it had instructed Freshfields Bruckhaus Deringer to conduct an investigation into the relationships between Eurest Support Services (ESS) (a member of the Group), IHC Services Inc. (IHC) and the United Nations (UN). Ernst & Young assisted Freshfields Bruckhaus Deringer in this investigation. On 1 February 2006, it was announced that the investigation had concluded.

The investigation established serious irregularities in connection with contracts awarded to ESS by the UN. The work undertaken by Freshfields Bruckhaus Deringer and Ernst & Young gave no reason to believe that these issues extended beyond a few individuals within ESS to other parts of ESS or the wider Compass Group of companies.

The Group settled all outstanding civil litigation against it in relation to this matter in October 2006, but litigation continues between competitors of ESS, IHC and other parties involved in UN procurement.

IHC's relationship with the UN and ESS was part of a wider investigation into UN procurement activity being conducted by the United States Attorney's Office for the Southern District of New York, and with which the Group co-operated fully. The current status of that investigation is uncertain and a matter for the US authorities. Those investigators could have had access to sources unavailable to the Group, Freshfields Bruckhaus Deringer or Ernst & Young, and further information may yet emerge which is inconsistent with, or additional to, the findings of the Freshfields Bruckhaus Deringer investigation, which could have an adverse impact on the Group. The Group has, however, not been contacted by, or received further requests for information from, the United States Attorney's Office for the Southern District of New York in connection with these matters since January 2006. The Group has co-operated fully with the UN throughout.

OTHER LITIGATION AND CLAIMS

The Group is also involved in various other legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

In addition, the Group is subject to periodic tax audits and challenges with/by various fiscal authorities covering corporate, employee and sales taxes in the various jurisdictions in which it operates. None of these are currently expected to have a material impact on the Group's financial position.

OUTCOME

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

30 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2014 £m	2013 £m
Contracted for but not provided for	**187**	151

The majority of capital commitments are for intangible assets.

31 OPERATING LEASE AND CONCESSIONS COMMITMENTS

The Group leases offices and other premises under non-cancellable operating leases. The leases have varying terms, purchase options, escalation clauses and renewal rights. The Group has some leases that include revenue related rental payments that are contingent on future levels of revenue.

Future minimum rentals payable under non-cancellable operating leases and concessions agreements are as follows:

	2014			2013		
	Operating leases			Operating leases		
OPERATING LEASE AND CONCESSIONS COMMITMENTS	**Land and buildings £m**	**Other assets £m**	**Other occupancy rentals £m**	Land and buildings £m	Other assets £m	Other occupancy rentals £m
Falling due within 1 year	**53**	**46**	**55**	49	46	55
Falling due between 2 and 5 years	**141**	**63**	**74**	128	61	73
Falling due in more than 5 years	**76**	**6**	**53**	84	6	44
Total	**270**	**115**	**182**	261	113	172

32 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties of Compass Group PLC:

SUBSIDIARIES

Transactions between the ultimate Parent Company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

JOINT VENTURES

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

ASSOCIATES

The balances with associated undertakings are shown in note 21. There were no significant transactions with associated undertakings during the year.

KEY MANAGEMENT PERSONNEL

The remuneration of directors and key management personnel is set out in note 3. During the year, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

33 POST BALANCE SHEET EVENTS

On 10 November 2014, Compass Group acquired East Coast Catering LLC (ECC), a Canadian company that provides accommodation, food and support services for remote sites in the energy and mining sectors. For the year ended 28 February 2014, ECC generated revenues of 51 million Canadian dollars (£28 million).

34 EXCHANGE RATES

	2014	2013
AVERAGE EXCHANGE RATE FOR YEAR[1]		
Australian Dollar	**1.81**	1.58
Brazilian Real	**3.80**	3.30
Canadian Dollar	**1.79**	1.59
Euro	**1.23**	1.19
Japanese Yen	**169.92**	143.83
Norwegian Krone	**10.12**	9.09
South African Rand	**17.54**	14.50
Swedish Krona	**11.00**	10.25
Swiss Franc	**1.49**	1.46
Turkish Lira	**3.53**	2.90
UAE Dirham	**6.09**	5.75
US Dollar	**1.66**	1.57
CLOSING EXCHANGE RATE AS AT 30 SEPTEMBER[1]		
Australian Dollar	**1.85**	1.73
Brazilian Real	**3.97**	3.60
Canadian Dollar	**1.81**	1.66
Euro	**1.28**	1.20
Japanese Yen	**177.83**	158.90
Norwegian Krone	**10.41**	9.74
South African Rand	**18.32**	16.30
Swedish Krona	**11.69**	10.40
Swiss Franc	**1.55**	1.46
Turkish Lira	**3.70**	3.28
UAE Dirham	**5.95**	5.95
US Dollar	**1.62**	1.62

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

35 DETAILS OF PRINCIPAL SUBSIDIARY COMPANIES

All companies listed below are wholly owned by the Group, except where otherwise indicated. All interests are in the ordinary share capital and all subsidiaries have been consolidated. All companies operate principally in their country of incorporation. A full list of the Group's operating subsidiary undertakings will be annexed to the next annual return.

PRINCIPAL SUBSIDIARIES	Country of incorporation	Principal activities
NORTH AMERICA		
Compass Group Canada Ltd	Canada	Food and support services
Bon Appétit Management Co	USA	Food service
Compass Group USA Investments Inc	USA	Holding company
Compass Group USA, Inc.	USA	Food and support services
Crothall Services Group	USA	Support services to the healthcare market
Flik International Corp	USA	Fine dining facilities
Foodbuy LLC	USA	Purchasing services in North America
Levy Restaurants LP	USA	Fine dining and food service at sports and entertainment facilities
Morrison Management Specialists, Inc.	USA	Food service to the healthcare and senior living market
Restaurant Associates Corp	USA	Fine dining facilities
Wolfgang Puck Catering & Events, LLC (90%)	USA	Fine dining facilities
EUROPE & JAPAN		
Compass Contract Services (UK) Ltd	England & Wales	Food and support services
Compass Group Holdings PLC	England & Wales	Holding company and corporate activities
Compass Group, UK & Ireland Ltd	England & Wales	Holding company
Compass Group Procurement Ltd	England & Wales	Purchasing services throughout the world
Compass Purchasing Ltd	England & Wales	Purchasing services in the UK and Ireland
Compass Services UK Ltd	England & Wales	Food and support services
Hospitality Holdings Ltd[1]	England & Wales	Intermediate holding company
Letheby & Christopher Ltd	England & Wales	Food service for the UK sports and events market
Scolarest Ltd	England & Wales	Food service for the UK education market
VSG Group Ltd	England & Wales	Security and support services
Compass Group France Holdings SAS	France	Holding company
Compass Group France	France	Food and support services
Compass Group Deutschland GmbH	Germany	Holding company
Medirest GmbH & Co OHG	Germany	Food service to the healthcare and senior living market
Eurest Deutschland GmbH	Germany	Food service to business and industry
Eurest Services GmbH	Germany	Support services to business and industry
Eurest Sports & Food GmbH	Germany	Food service to the sports and leisure market
Compass Group Italia S.P.A	Italy	Food service, support services and prepaid meal vouchers
Seiyo Food – Compass Group, Inc	Japan	Food and support services
Compass Group International BV	Netherlands	Holding company
Compass Group Nederland BV	Netherlands	Food and support services
Compass Group Nederland Holding BV	Netherlands	Holding company
Eurest Services BV	Netherlands	Food and support services
Compass Group Holdings Spain, S.L.	Spain	Holding company
Eurest Colectividades S.L.	Spain	Food and support services
Compass Group (Schweiz) AG	Switzerland	Food and support services
Restorama AG	Switzerland	Food service
FAST GROWING & EMERGING		
Compass Group (Australia) Pty Ltd	Australia	Food and support services
GR SA	Brazil	Food and support services
Compass Group Southern Africa (Pty) Ltd (97.5%)	South Africa	Food and support services
Supercare Services Group (Proprietary) Limited (97.5%)	South Africa	Support services
Sofra Yemek Üretim Ve Hizmet A.S.	Turkey	Food and support services

1 Held directly by the Parent Company.

PARENT COMPANY FINANCIAL STATEMENTS

CONTENTS

PARENT COMPANY BALANCE SHEET

FOR THE YEAR ENDED 30 SEPTEMBER 2014

COMPASS GROUP PLC	Notes	2014 £m	2013 £m
FIXED ASSETS			
Investments	2	**985**	976
CURRENT ASSETS			
Debtors: Amounts falling due within one year	3	**9,830**	8,992
Debtors: Amounts falling due after more than one year	3	**50**	62
Cash at bank and in hand		**118**	672
Current assets		**9,998**	9,726
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors: Amounts falling due within one year	4	**(6,492)**	(6,425)
NET CURRENT ASSETS			
Net current assets		**3,506**	3,301
TOTAL ASSETS LESS CURRENT LIABILITIES			
Total assets less current liabilities		**4,491**	4,277
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors: Amounts falling due after more than one year	4	**(2,513)**	(2,142)
Provisions for liabilities and charges	5	**(28)**	(28)
NET ASSETS			
Net assets		**1,950**	2,107
CAPITAL AND RESERVES			
Share capital	8, 9	**178**	180
Share premium account	9	**174**	400
Capital redemption reserve	9	**293**	55
Share-based payment reserve	9	**170**	162
Profit and loss reserve	9	**1,135**	1,310
Total equity		**1,950**	2,107

Approved by the Board of Directors on 26 November 2014 and signed on their behalf by

RICHARD COUSINS, Director
DOMINIC BLAKEMORE, Director

PARENT COMPANY ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2014

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

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION
These financial statements have been prepared in accordance with applicable UK Generally Accepted Accounting Practice (UK GAAP) and the Companies Act 2006 using the historical cost convention modified for the revaluation of certain financial instruments.

These financial statements have been prepared on a going concern basis. This is discussed in the Finance Director's statement on page 36.

B EXEMPTIONS
The Company's financial statements are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2014. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The Company has also taken advantage of the exemption from presenting a cash flow statement under the terms of FRS 1 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing transactions with other members of Compass Group.

The Compass Group PLC consolidated financial statements for the year ended 30 September 2014 contain financial instrument disclosures which comply with FRS 29 'Financial Instruments: Disclosures'. Consequently, the Company has taken advantage of the exemption in FRS 29 not to present separate financial instrument disclosures for the Company.

C CHANGE IN ACCOUNTING POLICIES
The Company has not applied any accounting standards for the first time in the year ended 30 September 2014.

D INVESTMENTS IN SUBSIDIARY UNDERTAKINGS
Investments are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments are not less than shown at the balance sheet date.

E FOREIGN CURRENCY
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses arising on retranslation are included in the income statement for the period.

F BORROWINGS
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost plus or minus the fair value attributable to the risk being hedged.

G DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS
The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. Derivative instruments utilised include interest rate swaps, currency swaps and forward currency contracts. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

H DIVIDENDS
Dividends are recognised in the Company's financial statements in the year in which they are approved in general meeting by the Company's shareholders. Interim dividends are recognised when paid.

I DEFERRED TAX
Deferred tax is provided at the anticipated rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

J SHARE-BASED PAYMENTS
The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

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

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

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in Group undertakings is reported with a corresponding increase in shareholders' funds. For details of the charge see note 25 to the consolidated financial statements.

1 PROFIT AND LOSS ACCOUNT DISCLOSURES

The Company profit on ordinary activities after tax was £1,549 million (2013: £892 million).

The fee for the audit of the Company's annual financial statements was £0.5 million (2013: £0.4 million).

The Company had no direct employees in the course of the year (2013: none).

2 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	**2014 £m**	2013 £m
COST		
At 1 October	**977**	969
Additions	**–**	–
Share-based payments to employees of subsidiaries	**15**	13
Recharged to subsidiaries during the year	**(6)**	(5)
At 30 September	**986**	977
PROVISIONS		
At 1 October	**1**	1
Additions	**–**	–
At 30 September	**1**	1
NET BOOK VALUE		
At 30 September	**985**	976

The principal subsidiary undertakings are listed in note 35 to the consolidated financial statements.

3 DEBTORS

	2014			2013		
DEBTORS	**Falling due within 1 year £m**	**Falling due after more than 1 year £m**	**Total £m**	Falling due within 1 year £m	Falling due after more than 1 year £m	Total £m
Amounts owed by subsidiary undertakings	**9,813**	**–**	**9,813**	8,984	–	8,984
Other debtors	**1**	**–**	**1**	–	–	–
Derivative financial instruments (note 7)	**16**	**50**	**66**	7	62	69
Current taxation	**–**	**–**	**–**	1	–	1
Total	**9,830**	**50**	**9,880**	8,992	62	9,054

MOVEMENT IN DEFERRED TAX ASSET	**2014 Net short term temporary differences £m**	2013 Net short term temporary differences £m
At 1 October	**–**	1
Charged to profit and loss account	**–**	(1)
At 30 September	**–**	–

The deferred taxation asset arises on certain derivative financial instruments and will be recovered no later than the maturity dates of these instruments.

4 CREDITORS

CREDITORS	2014 Falling due within 1 year £m	2014 Falling due after more than 1 year £m	2014 Total £m	2013 Falling due within 1 year £m	2013 Falling due after more than 1 year £m	2013 Total £m
Bank overdrafts	172	–	172	229	–	229
Bank loans	–	300	300	–	298	298
Bank overdrafts and loans (note 6)	172	300	472	229	298	527
Loan notes	–	1,076	1,076	74	1,074	1,148
Bonds	251	1,136	1,387	–	769	769
Loan notes and bonds (note 6)	251	2,212	2,463	74	1,843	1,917
Derivative financial instruments (note 7)	4	1	5	3	1	4
Accruals and deferred income	60	–	60	50	–	50
Current taxation	3	–	3	–	–	–
Amounts owed to subsidiary undertakings	6,002	–	6,002	6,069	–	6,069
Total	6,492	2,513	9,005	6,425	2,142	8,567

The Company has fixed term, fixed interest private placements denominated in US dollar and sterling.

LOAN NOTES	Nominal value	Redeemable	Interest	2014 Carrying value £m	2013 Carrying value £m
US$ private placement	$105m	Oct 2013	6.45%	–	65
US$ private placement	$15m	Nov 2013	5.67%	–	9
US$ private placement	$162m	Oct 2015	6.72%	102	104
Sterling private placement	£35m	Oct 2016	7.55%	36	36
US$ private placement	$250m	Oct 2018	3.31%	157	159
US$ private placement	$200m	Sep 2020	3.09%	123	123
US$ private placement	$398m	Oct 2021	3.98%	245	245
US$ private placement	$352m	Oct 2023	4.12%	223	220
US$ private placement	$300m	Sep 2025	3.81%	190	186
Total				1,076	1,147

The Company also has sterling and euro denominated Eurobonds. The €500 million 2023 bond and the £250 million 2026 bond were issued during the year.

BONDS	Nominal value	Redeemable	Interest	2014 Carrying value £m	2013 Carrying value £m
Sterling Eurobond	£250m	Dec 2014	7.00%	251	259
Euro Eurobond	€600m	Feb 2019	3.13%	485	–
Euro Eurobond	€500m	Jan 2023	1.88%	402	–
Sterling Eurobond	£250m	Jun 2026	3.85%	249	510
Total				1,387	769

5 PROVISIONS FOR LIABILITIES AND CHARGES

PROVISIONS	Legal and other claims £m
At 1 October 2012	28
Charged to profit and loss account	–
At 30 September 2013	28
At 1 October 2013	**28**
Charged to profit and loss account	**–**
At 30 September 2014	**28**

Provisions for legal and other claims relates to provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

6 MATURITY OF FINANCIAL LIABILITIES, OTHER CREDITORS AND DERIVATIVE FINANCIAL INSTRUMENTS

The maturity of financial liabilities, other creditors and derivative financial instruments as at 30 September is as follows:

MATURITY	**2014** Bank overdrafts and loans (note 4) £m	Loan notes and bonds (note 4) £m	Other[1] (note 7) £m	Total £m	2013 Bank overdrafts and loans (note 4) £m	Loan notes and bonds (note 4) £m	Other[1] (note 7) £m	Total £m
Between 1 and 2 years	**50**	**102**	**(19)**	**133**	–	259	(18)	241
Between 2 and 5 years	**250**	**678**	**(14)**	**914**	298	140	(19)	419
In more than 5 years	**–**	**1,432**	**(16)**	**1,416**	–	1,444	(24)	1,420
In more than 1 year	**300**	**2,212**	**(49)**	**2,463**	298	1,843	(61)	2,080
Within 1 year, or on demand	**172**	**251**	**(12)**	**411**	229	74	(4)	299
Total	**472**	**2,463**	**(61)**	**2,874**	527	1,917	(65)	2,379

1 Other includes the debtor and creditor amounts associated with derivative financial instruments (note 7).

7 DERIVATIVE FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS	**2014** Financial assets (note 3) £m	Financial liabilities (note 4) £m	2013 Financial assets (note 3) £m	Financial liabilities (note 4) £m
INTEREST RATE SWAPS				
Fair value hedges	**45**	**–**	43	(1)
Not in a hedging relationship	**–**	**(1)**	–	(1)
OTHER				
Forward currency contracts and cross currency swaps	**21**	**(4)**	26	(2)
Derivative financial instruments	**66**	**(5)**	69	(4)

8 SHARE CAPITAL

Details of the share capital, share option schemes and share-based payments of Compass Group PLC are shown in notes 24 and 25 to the consolidated financial statements.

9 CAPITAL AND RESERVES

CAPITAL AND RESERVES	Share capital £m	Share premium account £m	Capital redemption reserve £m	Share-based payment reserve £m	Profit and loss reserve £m	Total £m
At 1 October 2012	186	386	49	156	1,268	2,045
Issue of shares (for cash)	–	9	–	–	–	9
Repurchase of ordinary share capital	(6)	–	6	–	(446)	(446)
Fair value of share-based payments	–	–	–	11	–	11
Release of LTIP award settled by issue of new shares	–	5	–	(5)	–	–
Dividends paid to Compass shareholders	–	–	–	–	(404)	(404)
Profit for the financial year	–	–	–	–	892	892
At 30 September 2013	180	400	55	162	1,310	2,107
At 1 October 2013	**180**	**400**	**55**	**162**	**1,310**	**2,107**
Issue of shares (for cash)	**1**	**6**	**–**	**–**	**–**	**7**
Share issue expenses	**–**	**(2)**	**–**	**–**	**–**	**(2)**
Repurchase of ordinary and new ordinary share capital	**(3)**	**–**	**3**	**–**	**(280)**	**(280)**
B and C shares issued through capitalisation of share premium	**235**	**(235)**	**–**	**–**	**–**	**–**
Redemption and cancellation of B shares	**(235)**	**–**	**235**	**–**	**–**	**–**
Fair value of share-based payments	**–**	**–**	**–**	**13**	**–**	**13**
Release of LTIP award settled by issue of new shares	**–**	**5**	**–**	**(5)**	**–**	**–**
Return of Cash to Compass shareholders	**–**	**–**	**–**	**–**	**(1,000)**	**(1,000)**
Dividends paid to Compass shareholders	**–**	**–**	**–**	**–**	**(444)**	**(444)**
Profit for the financial year	**–**	**–**	**–**	**–**	**1,549**	**1,549**
At 30 September 2014	**178**	**174**	**293**	**170**	**1,135**	**1,950**

10 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES	**2014 £m**	2013 £m
Guarantees and indemnities (including subsidiary undertakings' overdrafts)	**356**	399

Details regarding certain contingent liabilities which involve the Company are set out in note 29 to the consolidated financial statements.

SHAREHOLDER INFORMATION

CONTENTS

SHAREHOLDER INFORMATION

REGISTRAR
All matters relating to the administration of shareholdings in the Company should be directed to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 333 300 1568; email: shareholderenquiries@capita.co.uk.

Shareholders can register online to view their Compass Group PLC shareholding details using the Share Portal, a service offered by Capita Asset Services (the registrar), at www.capitashareportal.com. Shareholders registering for the Share Portal will require their investor code which is shown on share certificates. The service enables shareholders to:

- check their shareholdings in Compass Group PLC 24 hours a day
- gain easy access to a range of shareholder information including indicative valuation and payment instruction details
- appoint a proxy to attend general meetings of Compass Group PLC

ELECTRONIC COMMUNICATIONS
The Company's Annual Report and all other shareholder communications can be found on our website. The Company can, at shareholders' request, send shareholders an email notification each time a new shareholder report or other shareholder communication is placed on our website. This enables shareholders to read and/or download the information at their leisure. There are no particular software requirements to view these documents, other than those described on our website.

The provision of a facility to communicate with shareholders electronically does not discriminate between registered shareholders of the same class. The facility is available to all registered shareholders on equal terms and participation is made as simple as possible. Please note that it is the shareholder's responsibility to notify the registrar (through www.capitashareportal.com or by post) of any change to their email address. Before electing for electronic communication, shareholders should ensure that they have the appropriate computer capabilities. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out, but cannot accept any responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Please note that any electronic communication sent by a shareholder to the Company or the registrar containing a computer virus will not be accepted.

The Company's obligation is satisfied when it transmits an electronic message. It cannot be held responsible for a failure in transmission beyond its control. In the event that the Company becomes aware that an electronic transmission is not successful, a paper notification will be sent to the shareholder at their registered address. Shareholders wishing to continue to receive shareholder information in the traditional paper format should confirm this via www.capitashareportal.com or write to Capita Asset Services.

PUBLISHED INFORMATION
If you would like to receive a hard copy of this Report or a copy in an alternative format such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at the Company's registered office. A copy can also be downloaded from our website at www.compass-group.com/ar14.

CASH DIVIDENDS
The Company normally pays a dividend twice each year. We encourage UK resident ordinary shareholders to elect to have their dividends paid directly into their bank or building society account. This is a more secure method of payment and avoids delays or the cheques being lost. Ordinary shareholders resident outside the UK can also have any dividends in excess of £10 paid into their bank account directly via Capita Asset Services' global payments service. Details and terms and conditions may be viewed at http://international.capitaregistrars.com.

DIVIDEND REINVESTMENT PLAN (DRIP)
A DRIP service is provided by Capita IRG Trustees Limited. The DRIP allows eligible shareholders to use the whole of their cash dividend to buy additional shares in the Company, thereby increasing their shareholding. Additional information, including details of how to sign up, can be obtained from the Company's website at www.compass-group.com and from Capita IRG Trustees Limited; telephone within the UK: Freephone 0800 280 2545 and from overseas: +44 333 300 1568; email: shares@capita.co.uk.

The latest date for receipt of new applications to participate in respect of the 2014 final dividend is 29 January 2015.

SHARE PRICE INFORMATION
The current price of the Company's shares is available on the Company's website at www.compass-group.com. This is supplied with a 15 minute delay to real time.

SHARE DEALING
The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'. In addition, the Company's registrar, Capita Asset Services, offers online and telephone dealing services to buy or sell Compass Group PLC shares. The service is only available to private shareholders aged 18 or over, resident in the UK, EEA, Channel Islands or the Isle of Man. Full details can be obtained from www.capitadeal.com or by telephoning within the UK: Freephone 0800 280 2545.

SHAREGIFT
ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It is particularly useful for those shareholders who may wish to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. Further information can be obtained from ShareGift's website at www.sharegift.org; telephone within the UK: 020 7930 3737 and from overseas: +44 20 7930 3737, or from the registrar.

AMERICAN DEPOSITARY RECEIPTS
BNY Mellon (BNY) maintains the Company's American Depositary Receipt register. If you have any enquiries about your holding of Compass American Depositary Shares, you should contact BNY Mellon, Shareowner Services, Computershare, P.O. Box 30170, College Station TX 77842-3170, USA. Further information can be found on BNY's website at www.adrbnymellon.com using the symbol CMPGY and on the Company's website at www.compass-group.com.

UNSOLICITED MAIL

We are legally obliged to make our register of members available to the public, subject to a proper purpose test. As a consequence of this, some shareholders might receive unsolicited mail. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Service, FREEPOST 29 LON20771, London W1E 0ZT. Shareholders can also register online at www.mpsonline.org.uk or request an application form by calling from within the UK: 0845 703 4599 or by email to mps@dma.org.uk.

IDENTITY THEFT

Advice on protecting your Compass Group PLC shares:

- Keep all Compass correspondence in a safe place, or destroy correspondence by shredding
- When changing address, inform the registrar, Capita Asset Services. If a letter from Capita Asset Services is received regarding a change of address and you have not moved, contact the registrar immediately
- Consider having your dividends paid directly into your bank or building society account. This will reduce the risk of the cheque being intercepted or lost in the post. You can complete a Request for Payment of Interest or Dividends Form available from www.compass-group.com and send it to the registrar or register online at www.capitashareportal.com using the Share Portal service. Additional information can be obtained from the registrar
- On changing your bank or building society account, inform the registrar of the details of the new account and respond to any letters Capita Asset Services send you about this
- When buying or selling shares, deal only with brokers registered in your country of residence or the UK

WARNING ABOUT SHARE FRAUD

Fraudsters use persuasive and high pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

Whilst high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

HOW TO AVOID SHARE FRAUD

1. Keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation. Note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register at www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or if you are told they are out of date.
7. Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. Remember: if it sounds too good to be true, it probably is!

REPORT A SCAM

If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams, or call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

RETURN OF CASH AND SHARE CAPITAL CONSOLIDATION – BASE COST APPORTIONMENT FOR UK TAX PURPOSES

On 11 June 2014, shareholders approved a Return of Cash of 56 pence per Existing Ordinary Share, which resulted in approximately £1 billion being returned through the issue of one B or C Share to shareholders for each Existing Ordinary Share held at 6.00pm on 7 July 2014. The Return of Cash was accompanied by a consolidation of the Existing Ordinary Shares in the ratio of 16 New Ordinary Shares for every 17 Existing Ordinary Shares. The New Ordinary Shares were admitted to trading on 8 July 2014. The B and C shares were not admitted to trading.

The Base Cost Apportionment is in general terms based on respective market values on the first day after the reorganisation on which a price for the New Ordinary Shares was quoted on the London Stock Exchange. Based on the New Ordinary Share price of 1,024.50 pence and the market value of a B Share and of a C Share of 56 pence, and calculated using the ratio of 16 New Ordinary Shares and 17 B or 17 C Shares for every 17 Existing Ordinary Shares previously held, 94.51% of the base cost of the Existing Ordinary Shares is apportioned to the New Ordinary Shares and 5.49% to the B and/or C Shares.

The information provided above is only intended to provide general guidance to UK shareholders and is not intended to be, and should not be construed to be, legal or taxation advice to any particular UK shareholder. It states the position as of 9 July 2014. If you are in any doubt as to your tax position, you are recommended to seek your own tax advice from an independent professional adviser. This note must be read in conjunction with the Circular to Shareholders dated 19 May 2014, where certain terms are defined.

FINANCIAL CALENDAR

EX-DIVIDEND DATE FOR 2014 FINAL DIVIDEND
22 January 2015

RECORD DATE FOR 2014 FINAL DIVIDEND
23 January 2015

2015 ANNUAL GENERAL MEETING
5 February 2015

2014 FINAL DIVIDEND PAYMENT
23 February 2015

HALF YEAR FINANCIAL RESULTS
13 May 2015*

EX-DIVIDEND DATE FOR 2015 INTERIM DIVIDEND
25 June 2015*

RECORD DATE FOR 2015 INTERIM DIVIDEND
26 June 2015*

2015 INTERIM DIVIDEND PAYMENT
27 July 2015*

* Provisional dates

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Compass Group PLC, please send this Notice and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the fourteenth Annual General Meeting of Compass Group PLC (the Company) will be held in the Churchill Auditorium at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Thursday 5 February 2015 at 12 noon in order to transact the following business:

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 20 to 22 will be proposed as special resolutions and all other Resolutions will be proposed as ordinary resolutions.

1. To receive and adopt the Directors' Annual Report and Accounts and the Auditor's Report thereon for the financial year ended 30 September 2014.
2. To receive and adopt the Remuneration Policy set out on pages 62 to 68 of the Directors' Remuneration Report contained within the Annual Report and Accounts for the financial year ended 30 September 2014, such Remuneration Policy to take effect from the date on which this Resolution is passed.
3. To receive and adopt the Directors' Remuneration Report (other than the Remuneration Policy referred to in Resolution 2 above) contained within the Annual Report and Accounts for the financial year ended 30 September 2014.
4. To declare a final dividend of 17.7 pence per ordinary share in respect of the financial year ended 30 September 2014.
5. To elect Carol Arrowsmith as a director of the Company.
6. To re-elect Dominic Blakemore as a director of the Company.
7. To re-elect Richard Cousins as a director of the Company.
8. To re-elect Gary Green as a director of the Company.
9. To re-elect Andrew Martin as a director of the Company.
10. To re-elect John Bason as a director of the Company.
11. To re-elect Susan Murray as a director of the Company.
12. To re-elect Don Robert as a director of the Company.
13. To re-elect Sir Ian Robinson as a director of the Company.
14. To re-elect Paul Walsh as a director of the Company.
15. To reappoint KPMG LLP as the Company's auditor until the conclusion of the next Annual General Meeting of the Company.
16. To authorise the directors to agree the auditor's remuneration.
17. To authorise the Company and any company which is, or becomes, a subsidiary of the Company during the period to which this Resolution relates to:

    17.1 make donations to political parties or independent election candidates;
    17.2 make donations to political organisations other than political parties; and
    17.3 incur political expenditure,

    during the period commencing on the date of this Resolution and ending on the date of the Company's next Annual General Meeting, provided that any such donations and expenditure made by the Company, or by any such subsidiary, shall not exceed £100,000 per company and, together with those made by any such subsidiary and the Company, shall not exceed in aggregate £100,000.

    Any terms used in this Resolution which are defined in Part 14 of the Companies Act 2006 shall bear the same meaning for the purposes of this Resolution 17.
18. To approve the amendments to the rules of the Compass Group PLC Long Term Incentive Plan 2010 (LTIP) produced in draft to this meeting and for the purposes of identification initialled by the Chairman and to authorise the directors to adopt the changes to the LTIP and to do all things necessary to implement the changes.
19. 19.1 To renew the power conferred on the directors by Article 12 of the Company's Articles of Association for a period expiring at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed or, if earlier, 4 May 2016; and for that period the section 551 amount shall be £59,128,125.

    19.2 In addition, the section 551 amount shall be increased by £59,128,125, for a period expiring at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed, provided that the directors' power in respect of such latter amount shall only be used in connection with a rights issue:

    19.2.1 to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

    19.2.2 to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

    and that the directors may impose any limits or restrictions and make any arrangements which they consider necessary to deal with fractional entitlements, legal or practical problems under the laws of, or the requirements of, any relevant regulatory body or stock exchange, any territory, or any matter whatsoever.

See this Report and our full Corporate Responsibility Report online at www.compass-group.com/ar14

SPECIAL RESOLUTIONS

20. To renew, subject to the passing of Resolution 19 above, the power conferred on the directors by Article 13 of the Company's Articles of Association, such authority to apply until the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed or, if earlier, 4 May 2016 and for that period the section 561 amount is £8,868,688.

21. To generally and unconditionally authorise the Company, pursuant to and in accordance with section 701 of the Companies Act 2006, to make market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of 10⅝ pence each in the capital of the Company subject to the following conditions:

    21.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 166,950,000;

    21.2 the minimum price (excluding expenses) which may be paid for each ordinary share is 10⅝ pence;

    21.3 the maximum price (excluding expenses) which may be paid for each ordinary share in respect of a share contracted to be purchased on any day, does not exceed the higher of (1) an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (2) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; and

    21.4 this authority shall expire, unless previously renewed, varied or revoked by the Company, at the conclusion of the next Annual General Meeting of the Company or 4 August 2016, whichever is the earlier (except in relation to the purchase of ordinary shares, the contract for which was concluded prior to the expiry of this authority and which will or may be executed wholly or partly after the expiry of this authority).

22. To authorise the directors to call a general meeting of the Company, other than an Annual General Meeting, on not less than 14 clear working days' notice, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this Resolution.

Voting on all Resolutions will be by way of a poll.

By Order of the Board

MARK WHITE

General Counsel and Company Secretary
19 December 2014
Registered Office:
Compass House
Guildford Street
Chertsey
Surrey KT16 9BQ

Registered in England and Wales No. 4083914

EXPLANATORY NOTES TO THE RESOLUTIONS

RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The directors are required to present to the Annual General Meeting (AGM) (the Meeting) the audited accounts and the Directors' and Auditor's Reports for the financial year ended 30 September 2014.

RESOLUTION 2 – REMUNERATION POLICY

Shareholders are requested to approve the Remuneration Policy. The Remuneration Policy is set out on pages 62 to 68 of the Directors' Remuneration Report contained within the 2014 Annual Report and Accounts.

In accordance with section 439A of the Companies Act (the CA 2006), a separate Resolution on the Remuneration Policy part of the Directors' Remuneration Report is required to be put to a vote by shareholders. The vote is binding which means that payments cannot be made under the Policy until it has been approved by shareholders.

The Policy Report must be put to shareholders at least every three years, unless during that time it is to be changed. The Company currently intends to submit the Policy for approval by shareholders every three years.

RESOLUTION 3 – DIRECTORS' REMUNERATION REPORT

In accordance with section 439 of the CA 2006, shareholders are requested to approve the Directors' Remuneration Report. The Directors' Remuneration Report is set out on pages 59 to 76 of the 2014 Annual Report and Accounts. The vote is advisory.

RESOLUTION 4 – FINAL DIVIDEND

The final dividend for the year ended 30 September 2014 will be paid on 23 February 2015 to shareholders on the register at the close of business on 23 January 2015, subject to shareholder approval.

RESOLUTIONS 5 TO 14 – ELECTION AND RE-ELECTION OF DIRECTORS

Biographical details of all the directors standing for election or re-election appear on pages 46 and 47 of the 2014 Annual Report.

In line with the provisions of the Company's Articles of Association, Carol Arrowsmith, who was appointed by the Board since the date of the last AGM, will submit herself for election by shareholders. Details of Mrs Arrowsmith's appointment are given on page 50.

The Company's Articles of Association require one third of the directors to retire by rotation each year and no director may serve for more than three years without being re-elected by shareholders. However, in accordance with the UK Corporate Governance Code (the Code), all the directors will submit themselves for annual re-election by shareholders.

Having conducted an evaluation during the year, it is the view of the Chairman that the performance of each of the directors continues to be effective and that each director demonstrates commitment to the role and has sufficient time to meet his or her commitment to the Company.

RESOLUTIONS 15 AND 16 – AUDITOR

During the year, following a competitive tender process, the Audit Committee recommended to the Board that KPMG LLP be appointed as the external auditor and to fill the casual vacancy in the office of auditor. The auditor is appointed at every general meeting at which accounts are presented to shareholders. The current appointment of KPMG LLP as the Company's auditor will end at the conclusion of the AGM and it has advised of its willingness to stand for reappointment. It is normal practice for a company's directors to be authorised to agree how much the auditor should be paid and Resolution 16 grants this authority to the directors.

RESOLUTION 17 – DONATIONS TO POLITICAL PARTIES

It is not Group policy to make donations to political parties. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries might unintentionally fall within the wide definition of matters constituting political donations and expenditure in the CA 2006. Any expenditure that is regulated under the CA 2006 must first be approved by shareholders and will be disclosed in next year's Annual Report. This Resolution, if passed, will renew the directors' authority until the AGM to be held in 2016 (when the directors intend to renew this authority) to make donations and incur expenditure which might otherwise be caught by the terms of the CA 2006, up to an aggregate amount of £100,000 for the Company and for subsidiary companies.

RESOLUTION 18 – AMENDMENT TO LONG TERM INCENTIVE PLAN

This Resolution seeks approval for the following changes to the Compass Group PLC Long Term Incentive Plan 2010 (LTIP) to reflect the Directors' Remuneration Policy as set out in the Directors' Remuneration Report (see Resolution 2 above):

- To increase the individual limit for the market value of shares subject to awards which can be granted to executive directors in a financial year from 200% to a maximum of 400% of annual basic salary (the latter multiplier to be used only in exceptional circumstances) with the normal percentage being 250% of annual basic salary in the case of the Group Chief Executive and 200% for the other executive directors;
- To renew and extend the circumstances in which malus or clawback can be applied to awards made under the LTIP so that the provisions apply both before an award vests and for the three years after vesting and apply in various circumstances, such as serious misconduct of a participant, including where the facts arise after termination of employment, with the intention that the remedies are widened to include lapsing awards which have not vested and forfeiting of vested awards with the right to reclaim amounts from the affected participant;
- To permit awards to be made which increase in line with dividends paid by the Company on its ordinary shares;
- To clarify the rules in respect of the use of existing rather than new issue shares to satisfy awards; and
- To enable the Remuneration Committee to impose a holding period requirement of up to five years on participants whose awards have vested, subject to the realisation of vested awards to discharge tax and social security requirements.

The rules of the LTIP showing the proposed amendments are available for inspection before and during the AGM, as noted on page 146 of this Notice of Meeting.

RESOLUTION 19 – DIRECTORS' AUTHORITY TO ALLOT SHARES

The purpose of Resolution 19 is to renew the directors' power to allot shares. Resolution 19.1 seeks to grant the directors authority to allot, pursuant to Article 12 of the Company's Articles of Association and section 551 of the CA 2006, relevant securities with a maximum nominal amount of £59,128,125. This represents 556,500,000 ordinary shares of 10⅝ pence each in the capital of the Company, which is approximately one third of the Company's issued ordinary share capital as at 1 December 2014 (being the last practicable date prior to the publication of this Notice). The Company does not currently hold any shares as treasury shares. The authority would, unless previously renewed, revoked or varied by shareholders, remain in force up to the conclusion of the AGM of the Company to be held in 2016, or 4 May 2016, whichever is earlier.

In accordance with the Investment Management Association Allotment Guidelines (the Guidelines), Resolution 19.2 seeks to grant the directors authority to allot approximately a further one third of the Company's issued ordinary share capital in connection with a rights issue in favour of ordinary shareholders with a nominal value of up to £59,128,125 (representing 556,500,000 ordinary shares of 10⅝ pence each). Such additional authority will be valid until the conclusion of the 2016 AGM.

If the Company uses any of the additional one third authority permitted by the Guidelines, the Company will ensure that all directors stand for re-election. The Company's current practice is that all directors submit themselves for re-election each year in accordance with the Code, notwithstanding the provisions set out in the Guidelines.

The total authorisation sought by Resolution 19 is equal to approximately two thirds of the issued ordinary share capital of the Company as at 1 December 2014, being the last practicable date prior to publication of this Notice.

Resolutions 1 to 19 will be proposed as ordinary resolutions and require that more than half of the votes cast must be in favour of a resolution for it to be passed.

RESOLUTION 20 – DISAPPLICATION OF PRE-EMPTION RIGHTS

If the Company issues new shares, or sells treasury shares, for cash (other than in connection with an employee share scheme), it must first offer them to existing shareholders in proportion to their existing holdings. In accordance with investor guidelines, approval is sought by the directors to issue a limited number of ordinary shares for cash without offering them to existing shareholders.

Resolution 20 seeks to renew the directors' authority to issue equity securities of the Company for cash without application of pre-emption rights pursuant to Article 13 of the Company's Articles of Association and section 561 of the CA 2006. Other than in connection with a rights, scrip dividend, or other similar issue, the authority contained in this Resolution would be limited to a maximum nominal amount of £8,868,688.

This represents 83,470,000 ordinary shares of 10⅝ pence each in the capital of the Company, which is approximately 5% of the Company's issued ordinary share capital as at 1 December 2014 (being the last practicable date prior to the publication of this Notice). The authority would, unless previously renewed, revoked or varied by shareholders, expire at the conclusion of the AGM of the Company to be held in 2016 or on 4 May 2016, if earlier.

Save for issues of shares in respect of various employee share schemes and any share dividend alternatives, the directors have no current plans to utilise either of the authorities sought by Resolutions 19 and 20, although they consider their renewal appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise. In addition, and in line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years and the Board confirms its intention to follow best practice set out in the Pre-emption Group's Statement of Principles which provides that usage of this authority in excess of 7.5% of the Company's issued share capital in a rolling three year period would not take place without prior consultation with shareholders.

RESOLUTION 21 – PURCHASE OF OWN SHARES

This Resolution authorises the directors to make limited on market purchases of the Company's ordinary shares. The power is limited to a maximum of 166,950,000 shares (just under 10% of the issued ordinary share capital as at 1 December 2014, being the last practicable date prior to the publication of this Notice) and details the minimum and maximum prices that can be paid, exclusive of expenses. The authority conferred by this Resolution will expire at the conclusion of the Company's next AGM or 18 months from the passing of this Resolution, whichever is the earlier.

The CA 2006 permits the Company to hold shares repurchased as treasury shares. Treasury shares may be cancelled, sold for cash or used for the purpose of employee share schemes. The authority to be sought by this Resolution is intended to apply equally to shares to be held by the Company as treasury shares. No dividends will be paid on shares which are held as treasury shares and no voting rights will be attached to them. Shares held as treasury shares will be treated as if cancelled.

On 27 November 2013, the Company announced its intention to commence a £500 million share repurchase programme, to be executed over the 12 month period to the end of 2014. The programme was temporarily suspended following announcement on 14 May 2014 of the £1 billion Return of Cash to shareholders and associated Share Capital Consolidation until after completion of this transaction on 29 July 2014. The £500 million share repurchase programme recommenced on 31 July 2014 and is now expected to be completed during 2015.

Beyond this programme, the directors have no present intention of exercising the authority to purchase the Company's ordinary shares but they consider it desirable to provide maximum flexibility in the management of the Company's capital resources. The directors would only purchase shares if, in their opinion, the expected effect would be to result in an increase in earnings per share and would benefit shareholders generally.

As at 1 December 2014 (being the last practicable date prior to the publication of this Notice), there were options to subscribe for ordinary shares issued by the Company outstanding over approximately 19,724,400 shares which represent 1.18% of the Company's issued ordinary share capital (excluding treasury shares) at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 1.31% of the Company's issued ordinary share capital (excluding treasury shares).

RESOLUTION 22 – NOTICE OF MEETINGS OTHER THAN ANNUAL GENERAL MEETINGS

The Company's Articles of Association allow the directors to call general meetings other than annual general meetings on 14 working days' notice. However, under the Companies (Shareholders' Rights) Regulations 2009 (the Regulations), all general meetings must be held on 21 days' notice, unless shareholders agree to a shorter notice period, and the Company has met the requirements for electronic voting under the Regulations. This Resolution seeks to renew the authority granted by shareholders at last year's AGM which preserved the Company's ability to call general meetings, other than AGMs, on 14 working days' notice, such authority to be effective until the Company's next AGM, when a similar resolution will be proposed. The directors confirm that the shorter notice period would not be used as a matter of routine, but only where flexibility is merited by the business of the meeting and it is thought to be to the advantage of shareholders as a whole. An electronic voting facility will be made available to all shareholders for any meeting held on such notice.

Resolutions 20 to 22 will be proposed as special resolutions and require that at least three quarters of the votes cast must be in favour of a resolution for it to be passed.

RECOMMENDATION

The directors consider that each of the Resolutions is in the best interests of the Company and the shareholders as a whole and, accordingly, recommend that all shareholders vote in favour of all Resolutions, as the directors intend to do in respect of their own holdings.

IMPORTANT INFORMATION

PROXIES

(i) A shareholder entitled to attend and vote at the AGM may appoint a proxy or proxies (who need not be a shareholder of the Company) to exercise all or any of his or her rights to attend, speak and vote at the AGM. Where more than one proxy is appointed, each proxy must be appointed for different shares.

Proxies may only be appointed by:

- completing and returning the Form of Proxy enclosed with this Notice to PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF;
- going to www.capitashareportal.com and following the instructions for electronic submission provided there; or
- having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members). Please refer to the CREST manual on the Euroclear website (www.euroclear.com/CREST) for further information.

Return of the Form of Proxy will not prevent a shareholder from attending the Meeting and voting in person. However, if you do attend the Meeting, any proxy appointment will be treated as revoked.

The electronic addresses provided in this Notice are provided solely for the purpose of enabling shareholders to register the appointment of a proxy or proxies for the Meeting or to submit their voting directions electronically. You may not use any electronic address provided in the Notice of this Meeting to communicate with the Company for any purposes other than those expressly stated.

(ii) To be effective, the Form of Proxy must be completed in accordance with the instructions and received by the Company's registrar by 12 noon on Tuesday 3 February 2015.

To appoint a proxy or to give an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 12 noon on Tuesday 3 February 2015. Please note, however, that proxy messages cannot be sent through CREST on weekends, public holidays or after 8.00pm on any other day. For the purpose of this deadline, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST personal members or other CREST sponsored members and those CREST members that have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST.

For further information on CREST procedures, limitations and system timings, please refer to the CREST manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, as amended.

(iii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B(2) of the CA 2006, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on Tuesday 3 February 2015 or, in the event that the Meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries on the Register of Members after 6.00pm on 3 February 2015 or, in the event that the Meeting is adjourned, less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOMINATED PERSONS

Any person to whom a copy of this Notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights (Nominated Person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in note (i) above does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.

SHAREHOLDER RIGHTS AND AGM BUSINESS

Under sections 338 and section 338A of the CA 2006, shareholders meeting the threshold requirements which, broadly, requires a minimum of 100 shareholders holding an average of 1,000 ordinary shares each or shareholders holding at least 5% of the Company's issued share capital, have the right to require the Company (i) to give to shareholders of the Company entitled to receive notice of the AGM, notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or (ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory, or (c) it is frivolous or vexatious. Such a request may be in hard copy or electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 26 December 2014, being the date six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

RIGHT TO ASK QUESTIONS

Under section 319A of the CA 2006, shareholders have the right to ask questions at the AGM relating to the business of the Meeting and for these to be answered, unless such answer would interfere unduly with the business of the Meeting, involve the disclosure of confidential information, if the answer has already been published on the Company's website or if it is not in the interests of the Company or the good order of the Meeting that the question be answered.

WEBSITE PUBLICATION OF AUDIT CONCERNS

Under section 527 of the CA 2006, shareholders have a right to request publication of any concerns that they propose to raise at the AGM relating to the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be submitted to the Meeting or any circumstances connected to the Company's auditor who ceased to hold office since the last AGM. The Company will publish the statement if sufficient requests have been received in accordance with section 527(2) of the CA 2006 which, broadly, requires a minimum of 100 shareholders holding an average of 1,000 ordinary shares each or shareholders holding at least 5% of the Company's issued ordinary share capital to make the request. The Company may not require the members requesting any such website publication to pay its expenses in complying with such request. Where a statement is published, the Company will forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the CA 2006 to publish on its website.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the rules of the LTIP as prospectively amended, service agreements of the executive directors, the letters of appointment of the non-executive directors, the directors' deeds of indemnity and the Register of Directors' Interests will be available for inspection during normal business hours from the date of dispatch of this Notice until the date of the AGM (Saturdays, Sundays and public holidays excepted) at the registered office of the Company, Compass House, Guildford Street, Chertsey KT16 9BQ, and will also be made available at the Meeting for a period of 15 minutes prior to and during the continuance of the Meeting.

A copy of the rules of the LTIP as prospectively amended will also be available during normal business hours at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS.

TOTAL VOTING RIGHTS

As at 1 December 2014 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprised 1,669,582,918 ordinary shares. The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every ordinary shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a vote by poll every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share held. It is proposed that all votes on the Resolutions at the AGM will be taken by way of a poll.

The total voting rights in the Company as at 1 December 2014 were 1,669,582,918.

INFORMATION AVAILABLE ON WEBSITE

The following information is available on the Company's website at www.compass-group.com:

(i) the matters set out in this Notice of Meeting;
(ii) the total voting rights and number of shares of each class in respect of which shareholders are entitled to exercise voting rights at the AGM;
(iii) shareholders' rights to include business to be dealt with at the AGM; and
(iv) shareholders' statements, resolutions and matters of business received by the Company after 19 December 2014.

THE AGM

The doors of The Queen Elizabeth II Conference Centre will open at 10.30am and the AGM will start promptly at 12 noon.

If you are planning to attend the AGM, The Queen Elizabeth II Conference Centre is located in the City of Westminster. Please see the map opposite. Details of how to get to the venue may be found at www.qeiicentre.london.

ATTENDING THE AGM

If you are coming to the AGM, please bring your attendance card with you. It authenticates your right to attend, speak and vote at the AGM and will speed your admission. You may also find it useful to bring this Notice of AGM and the Annual Report 2014 so that you can refer to them at the AGM. All joint shareholders may attend and speak at the AGM. However, only the first shareholder listed on the Register of Members is entitled to vote. At the discretion of the Company, and subject to sufficient seating capacity, a shareholder may enter with one guest, provided that the shareholder and their guest register to enter the AGM at the same time.

QUESTIONS

All shareholders or their proxies will have the opportunity to ask questions at the AGM. When invited by the Chairman, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. A question may not be answered at the Meeting if it is not considered to be in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of sensitive information. The Chairman may also nominate a representative to answer a specific question after the Meeting or refer the questioner to the Company's website.

VOTING AT THE AGM

The Company proposes that all Resolutions to be proposed at the AGM will be put to the vote on a poll. This will result in a more accurate reflection of the views of all of the Company's shareholders by ensuring that every vote is recognised, including the votes of shareholders who are unable to attend the Meeting but who have appointed a proxy for the Meeting. On a poll, each shareholder has one vote for each share held.

After each Resolution is put to the Meeting, you will be asked to cast your vote. All of the votes of the shareholders present will be counted, and added to those received by proxy, and the provisional final votes will be displayed at the Meeting.

The voting results, which will include all votes cast for and against each Resolution at the Meeting, and all proxies lodged prior to the Meeting, will be announced at the Meeting and published on the Company's website as soon as practicable after the Meeting. The Company will also disclose the number of votes withheld.

If you have already voted by proxy, you will still be able to vote at the Meeting and your vote on the day will replace your previously lodged proxy vote.

Whomever you appoint as a proxy can vote or abstain from voting as he or she decides on any other business, which may validly come before the AGM. This includes proxies appointed using the CREST service. Details of how to complete the appointment of a proxy either electronically or on paper are given in the notes to this Notice.

VENUE ARRANGEMENTS

For your personal safety and security, all hand baggage may be subject to examination. Please note that electronic devices such as cameras and recording equipment may not be brought into the AGM. A cloakroom will be available to deposit coats and bulky items.

A sign language interpreter will attend the AGM and a sound amplification/hearing loop will be available in the meeting room.

There is wheelchair access. Anyone accompanying a shareholder in need of assistance will be admitted to the AGM. If any shareholder with a disability has any questions regarding attendance at the AGM, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ by 31 January 2015.

Security staff will be on duty to assist shareholders. The Company will not permit behaviour that may interfere with another person's security, safety or the good order of the AGM.

Please ensure that mobile phones are switched off throughout the AGM.

Tea and coffee will be available before the Meeting and light refreshments will be served afterwards.

SHAREHOLDER ENQUIRIES

Capita Asset Services maintain the Company's share register. If you have any enquiries about the AGM or about your shareholding, you should contact Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

AMERICAN DEPOSITARY RECEIPT ENQUIRIES

BNY Mellon maintains the Company's American Depositary Receipt register. If you have any enquiries about your holding of Compass American Depositary Shares, you should contact BNY Mellon, Shareowner Services, Computershare, P.O. Box 30170, College Station TX 77842-3170, USA.

DATA PROTECTION STATEMENT

Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

PUBLISHED INFORMATION

If you would like to receive this Notice and/or a copy of the Annual Report 2014 in an appropriate alternative format, such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.

Our 2014 Annual Report is available at www.compass-group.com/ar14. The Annual Report including this Notice, can be downloaded in PDF format.

FORWARD LOOKING STATEMENTS

Certain information included in this Annual Report and Accounts is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements.

Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the food and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements, which speak only at their respective dates.

Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Nothing in this Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

CERTIFIED CARBON NEUTRAL® publication
CarbonNeutral.com

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C022913

This Report is printed on a combination of Revive 100 White Silk and Revive 100 Premium White Uncoated. Revive 100 White Silk is produced using 100% recycled waste, the pulp is bleached using a Totally Chlorine Free (TCF) process. Revive 100 Premium White Uncoated is produced using 100% post-consumer waste, the pulp is bleached using an Elemental Chlorine Free (ECF) process. Both materials are Forest Stewardship Council® (FSC) certified and are produced at mills that hold the ISO 14001 environmental management standard.

Printed in the UK by Pureprint Group using vegetable inks and their *pure***print**® and *alco***free**® printing technology. Pureprint Group is ISO 9001:2000, ISO 14001, EMAS and FSC certified.

The images in this document are representative of the services provided by Compass Group PLC and its subsidiaries and partners.

Designed and produced by
CONRAN DESIGN GROUP

COMPASS GROUP PLC
Compass House
Guildford Street
Chertsey
Surrey KT16 9BQ
United Kingdom

Registered in England and Wales No. 4083914

T +44 1932 573 000
F +44 1932 569 956

Find this Report online at
www.compass-group.com/ar14