REGISTERED NUMBER: 03385466 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2013

for

Maclellan Management Services Limited

Contents of the Financial Statements
for the Year Ended 31 December 2013

Maclellan Management Services Limited

Company Information
for the Year Ended 31 December 2013

DIRECTORS:	B Melizan S Ashdown
SECRETARY:	S Pound
REGISTERED OFFICE:	Capital Tower 91 Waterloo Road London SE1 8RT
REGISTERED NUMBER:	03385466 (England and Wales)
AUDITOR:	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

Maclellan Management Services Limited (Registered number 03385466)

Strategic Report
for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013

The principal activity of the company is the provision of operational and administrative personnel and management services to other group companies The company is reliant on fellow group companies for its ongoing trading ability in its current form

REVIEW OF BUSINESS
The results for the year ended 2013 are set out in the financial statements

Profit after tax reduced to £103k in 2013 (2012 £190k)

Interserve Plc Group manages its operations on a divisional basis, further information can be found in the Interserve Plc financial statements For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

PRINCIPAL RISKS AND UNCERTAINTIES
As explained in note 1, the directors have concluded that the company has adequate resources to continue in existence for the foreseeable future, and for this reason continue to adopt the going concern basis in preparing the accounts

The directors have reviewed the financial risk management objectives and policies of the company, where there is a significant exposure to financial risks, the group policy laid down by the parent company, Interserve plc, is followed The company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure It does not enter into any speculative financial instruments

INFLATION RISK
As all turnover is a recharge of costs incurred the business is relatively insensitive to inflationary risk

LIQUIDITY RISK
The company adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations Due to the nature of the business, cash flows are reasonably predictable and so this is not a major risk area for the company

CREDIT RISK
As all significant transactions are with other companies within the group, credit risk is low

FINANCE AND FOREIGN EXCHANGE RISK
The ultimate parent company manages both interest rate risk and exchange rate risk through the group treasury department using various methods including swaps and hedges and these are disclosed in the group accounts
Group risks are discussed in the group's annual report which does not form part of these financial statements

ON BEHALF OF THE BOARD.

S Pound - Secretary

Date 21ST MAY 2014

Report of the Directors
for the Year Ended 31 December 2013

The directors present their report with the financial statements of the company for the year ended 31 December 2013

DIVIDENDS
No dividends were paid during the year (2012 £nil)

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report

B Melizan
S Ashdown

Interests in shares and options to purchase shares, of those directors who are also directors of Interserve Plc are disclosed in the accounts of Interserve Plc As at the date of this report and during the year ended 31 December 2013, no indemnities are in force for the directors of this company

EMPLOYEES
The company's management policy seeks to ensure that all employees' careers are determined solely on merit No employee will suffer because of gender, race, ethnic origin or religious belief

It is the company's policy to consider for employment and enable suitably qualified disabled persons to seek and maintain employment and to assist them in overcoming their handicaps at work The company recognises that special conditions are necessary in view of the nature of its main activities to ensure that disabled persons employed are properly trained for the tasks they perform

Managers are tasked with developing employees' awareness of factors affecting the business and matters concerning them as employees and noting employees' views so they can be taken into account when making decisions which may affect them or the business

GOING CONCERN
The company meets its day to day working capital requirements through an overdraft facility that is provided by its ultimate parent Interserve Plc

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITOR

At the Annual General Meeting of Interserve Plc (the Company's ultimate parent undertaking) held on 13 May 2014, shareholders formally approved the appointment of Grant Thornton UK LLP as auditors of Interserve Plc, to replace Deloitte LLP This was the result of a competitive tender process led by the Audit Committee Following the conclusion of the Company's 2013 statutory audit and subject to approval by the directors, Grant Thornton UK LLP will replace Deloitte LLP as the statutory auditor of the Company

The directors would like to thank Deloitte LLP for their significant contribution as the Company's auditor and look forward to working with Grant Thornton UK LLP going forward

ON BEHALF OF THE BOARD:

S Pound - Secretary

Date 21st MAY 2014

Independent Auditor's Report to the Members of
Maclellan Management Services Limited

We have audited the financial statements of Maclellan Management Services Limited for the year ended 31 December 2013 which comprises the profit and loss account, balance sheet and the related notes 1 to 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

John Charlton ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

Date 22 May 2014

Maclellan Management Services Limited (Registered number 03385466)

Profit and Loss Account
for the Year Ended 31 December 2013

	Notes	2013 £'000	2012 £'000
TURNOVER	2	111,029	122,643
Cost of sales		(111,029)	(122,643)
GROSS PROFIT		-	-
OPERATING PROFIT	5	-	-
Interest receivable and similar income		156	162
		156	162
Interest payable and similar charges	6	(95)	-
Other finance costs	13	(9)	(10)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		52	152
Tax on profit on ordinary activities	7	51	38
PROFIT FOR THE FINANCIAL YEAR		103	190

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2013

	2013 £'000	2012 £'000
PROFIT FOR THE FINANCIAL YEAR	103	190
Actuarial loss - pension scheme	(23)	(100)
Deferred tax on pension scheme	(17)	(4)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	63	86

The notes form part of these financial statements

Maclellan Management Services Limited (Registered number 03385466)

Balance Sheet
31 December 2013

	Notes	2013 £'000	2012 £'000
CURRENT ASSETS			
Debtors	8	14,424	25,516
CREDITORS			
Amounts falling due within one year	9	(14,120)	(25,242)
NET CURRENT ASSETS		304	274
TOTAL ASSETS LESS CURRENT LIABILITIES		304	274
PENSION LIABILITY	13	(148)	(181)
NET ASSETS		156	93
CAPITAL AND RESERVES			
Called up share capital	11	20	20
Profit and loss account	12	136	73
SHAREHOLDERS' FUNDS	17	156	93

The financial statements were approved by the Board of Directors on 21st May 2014 and were signed on its behalf by

S Ashdown - Director

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards in the United Kingdom These have been applied consistently throughout the current and prior years

Financial Reporting Standard number 1
Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements

Turnover
Turnover represents sales to fellow subsidiary companies, excluding value added tax, and arises from the principal activities of the company

Turnover is recognised on an accruals basis when the right to receive consideration is earned

Current tax
Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax
In accordance with Financial Reporting Standard 19 'Deferred Tax', deferred tax is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation 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 Deferred tax assets and liabilities are not discounted

Going concern
The company meets its day to day working capital requirements through an overdraft facility that is provided by its ultimate parent Interserve Plc

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Pensions
For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

2 TURNOVER

The activities of the company are regarded by the directors as a single class of business, and are all performed in the United Kingdom

3 STAFF COSTS

Staff costs during the year (including directors)	2013 £'000	2012 £'000
Wages and salaries	14,030	25,157
Social security costs	1,569	3,518
Other pension costs	145	56
	15,744	28,731

	2013 Number	2012 Number
Production and site operatives	751	1,117
Administration	102	152
	853	1,269

Reduction in staff costs and employee numbers is due to the continued integration of MacLellan into the Interserve group, new contracts are being tendered as Interserve (Facilities Management) Limited, a fellow subsidiary company Employees associated with these new contracts are considered employees of Interserve (Facilities Management) Limited

4 DIRECTORS' EMOLUMENTS

As in 2012, the statutory directors were remunerated through other companies in the Interserve group for 2013

Mr Melizan is a director of the ultimate parent company, Interserve plc, and his remuneration for services to the group as a whole are disclosed in the accounts of that company

During the year Mr Ashdown was remunerated for his services to the group by Interservefm Ltd It is not considered practicable to allocate his remuneration between the companies of which he is director

5 OPERATING PROFIT

Operating profit on ordinary activities before taxation is stated after charging

	2013 £'000	2012 £'000
Remuneration payable to auditor		
- Fees payable to the company's auditor for the annual audit of the company's accounts *	-	-
- Fees payable to the company's auditor for other services	-	-

* Fees of £500 have been borne by Interservefm Limited for 2013 (2012 £4k)

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Interest payable	95	-

7 TAXATION

Analysis of the tax credit
The tax credit on the profit on ordinary activities for the year was as follows

	2013 £'000	2012 £'000
Current tax		
UK corporation tax	(21)	32
Prior year Tax Adjustment	(32)	(2)
Total current tax	(53)	30
Deferred tax		
Deferred tax - current year	14	(5)
Deferred tax - prior period adjustment	(12)	(63)
Total deferred tax	2	(68)
Tax on profit on ordinary activities	(51)	(38)

Factors affecting the tax credit
The tax assessed for the year is lower than the standard rate of corporation tax in the UK The difference is explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	52	152
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23 250% (2012 - 24 500%)	12	37
Effects of		
Expenses not deductible for tax purposes	(16)	-
Adjustments to tax charge in respect of previous periods	(32)	(2)
Other short-term timing differences	(17)	(5)
Current tax credit	(53)	30

Factors that may affect future tax charges
The UK corporation tax rate reduced from 24% to 23% with effect from 1 April 2013 Further tax rate reductions to 21% with effect from 1 April 2014 and 20% from 1 April 2015 were substantively enacted on 2 July 2013 The rate of 20% is used for the calculation of the deferred tax position as at 31 December 2013 on the basis that it will materially reverse after 1 April 2015

8 DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	13,515	24,638
Other debtors	31	29
Corporation tax	30	-
Deferred tax asset	91	92
	13,667	24,759
Amounts falling due after more than one year		
Amounts owed by group undertakings	757	757
Aggregate amounts	14,424	25,516

	Deferred Tax £'000
At 1 January 2013	92
Profit and loss account charge	(1)
At 31 December 2013	91

The deferred tax asset represents timing differences in relation to general provisions The directors expect that these timing differences will be utilised in future periods

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Bank loans and overdrafts (see note 10)	12,455	3,332
Trade creditors	-	-
Amounts owed to group undertakings	213	19,822
Corporation tax	-	24
Social security and other taxes	1,452	2,064
	14,120	25,242

10 LOANS

An analysis of the maturity of loans is given below

	2013 £'000	2012 £'000
Amounts falling due within one year or on demand		
Bank overdrafts	12,455	3,332

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value:	2013 £	2012 £
20,000	Ordinary	1	20,000	20,000

12 RESERVES

	Profit & Loss Account £'000
At 1 January 2013	73
Profit for year	103
Actuarial loss - pension scheme	(23)
Deferred tax - pension scheme	(17)
At 31 December 2013	136

13 EMPLOYEE BENEFIT OBLIGATIONS

The MacLellan Group 2000 Retirement Benefits Scheme, set up in July 2000, is a funded final salary (defined benefit) scheme and offers guaranteed pension benefits based upon salary and service The scheme is offered to employees who are entitled to membership of the principal civil service pension scheme and/or who transfer their employment as part of the market testing exercise The scheme continues to operate alongside the MacLellan Personal Pension Plan

Costs are charged to the profit and loss account in the year in which they are incurred and in the current year amounted to £9,000 (2012 £10,000) in respect of the defined benefit scheme At 31 December 2013 there were outstanding contributions of £nil (2012 £nil)

The assets of the scheme are held independently from the company's finances and are administered by trustee companies Pension costs are assessed on the advice of an independent qualified actuary following triennial valuations using the projected unit method

The last full actuarial valuation was carried out as at 1 July 2010 The valuation for July 2013 is ongoing and the results of this valuation are expected by 30 September 2014 A qualified actuary, independent of any participating employers, has adjusted appropriately the data used for the purposes calculating the FRS 17 disclosures for the year ended 31 December 2013

The Employer's contribution rate during 2013 was 30 3% of the pensionable salary roll from 1 October The current Schedule of Contributions gives a future Employer contribution rate of 30 3% of pensionable salary roll until 30 September 2015

13 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Present value of funded obligations	(565)	(584)
Fair value of plan assets	380	349
	(185)	(235)
Present value of unfunded obligations	-	-
Deficit	(185)	(235)
Deferred tax asset	37	54
Net liability	(148)	(181)

The amounts recognised in profit or loss are as follows

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Current service cost	-	-
Interest cost	25	26
Expected return	(16)	(16)
Past service cost	-	-
	9	10
Actual return on plan assets	43	31

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Opening defined benefit obligation	584	554
Interest cost	25	26
Actuarial losses	50	115
Benefits paid	(94)	(111)
	565	584

13 EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Opening fair value of scheme assets	349	346
Contributions by employer	82	83
Expected return	16	16
Actuarial gains	27	15
Benefits paid	(94)	(111)
	380	349

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Actuarial losses	(50)	(115)
Actual return less expected return on pension scheme assets	27	15
	(23)	(100)
Cumulative amount of actuarial losses	(195)	(172)

The major categories of scheme assets as amounts of total scheme assets are as follows

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Equities	208	191
Gilts	48	-
Bonds	67	104
Property	57	52
Cash	-	2
	380	349

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2013	2012
Discount rate	4 50%	4 50%
Future inflation increases	3 40%	2 80%
Increases to pensions in payment	3 40%	2 80%
Revaluation of early leavers' benefits	2 70%	2 10%

13 EMPLOYEE BENEFIT OBLIGATIONS - continued

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates The assumed life expectations on retirement at age 65 are

Valuation at	2013	2012
Retiring today		
Males	24 9	26 7
Females	27 2	29 2
Retiring in 20 years		
Males	26 4	28 3
Females	28 8	30 8

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	**Change in assumption**	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 0 5%	Decrease/increase by 10%
Rate of inflation	Increase/decrease by 0 5%	Increase/decrease by 9%
Rate of salary growth	Increase/decrease by 0 5%	Increase/decrease by 1%
Rate of mortality	Increase by 1 year	Increase by 2%

Amounts for the current and previous four periods are as follows

	2013	**2012**	**2011**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Defined benefit pension plans					
Defined benefit obligation	(565)	(584)	(554)	(592)	(631)
Fair value of scheme assets	380	349	346	424	520
Deficit	(185)	(235)	(208)	(168)	(111)
Experience adjustments on scheme liabilities	(20)	(95)	(84)	(155)	(4)
Experience adjustments on scheme assets	27	15	(22)	102	61

14 ULTIMATE PARENT COMPANY

Maclellan Group Limited, a company registered in England and Wales is the company regarded by the directors as the immediate parent company

Interserve Plc, a company registered in England and Wales, is the company regarded by the directors as the ultimate parent company and controlling party and is the smallest and largest group for which group financial statements are prepared Copies of the financial statements of Interserve Plc can be obtained from the Company Secretary, Intersection House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU

15 CONTINGENT LIABILITIES

At 31 December 2013 contingent liabilities in respect of guarantees given in the ordinary course of business were £nil (2012 £nil)

16 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" not to report transactions with other group companies as it is a wholly owned subsidiary of Interserve Plc

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
Profit for the financial year	103	190
Other recognised gains and losses relating to the year (net)	(40)	(104)
Net addition to shareholders' funds	63	86
Opening shareholders' funds	93	7
Closing shareholders' funds	156	93