Maintenance and Property Care Limited

Annual report and financial statements

For the year ended 31 March 2006

Registered number SC208636

Maintenance and Property Care Limited
Financial Statements for the year ended 31 March 2006

Maintenance and Property Care Limited
Directors and advisers

Directors
Phillip Russelll
Kevin O'Hara
Bill Coghill
Colin Strachan

Secretary
Geoffrey Shepheard

Registered Office
Morrison House
Ellismuir Way, Tannochside Park
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GLASGOW
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Auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
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Bankers
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Maintenance and Property Care Limited
Directors' report for the year ended 31 March 2006

The directors present their report together with the financial statements and independent auditors' report for the year ended 31 March 2006

Business review and principal activities
Maintenance and Property Care Limited (" the company") maintains land and buildings, predominately for North Lanarkshire Council The results for the company show a pre tax profit of £12,000 (2005 loss £1,824,000) for the year and sales of £37,033,000 (2005 £33,739,000)

Future outlook
The majority of the company's business is undertaken as part of a 10 year contract with North Lanarkshire Council which commenced in January 2001 We remain confident that we will maintain our current level of performance in the future

The management of the business and the execution of the company's strategy are subject to a number of risks
The key business risks and uncertainties affecting the company are considered to relate to commercial relationships, pensions and skills shortages Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 2 to 4 of Morrison Facilities Services Limited's annual report which does not form part of this report

The directors of Morrison Facilities Services Limited and Morrison Plc manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Maintenance and Property Care Ltd The development, performance and position of the Facilities Services division of Morrison Plc, which includes the company, is discussed within the Morrison section of the Operating and Financial Review within the annual report of AWG Plc, the ultimate parent company

Dividends
As derived by the application of the contract between Maintenance and Property Care and North Lanarkshire Council the directors recommend payment of a special dividend of £nil (2005 £nil), to North Lanarkshire Council in accordance with the rights attaching to the 'B' shares The loss has been transferred to reserves

Directors and their interests
The directors of the company are as follows

K O'Hara

B Coghill

P Russell

C Strachan (appointed 21 April 2006)

In accordance with the company's Articles of Association, none of its directors are required to retire by rotation

The directors have no interests in the shares of the company

The interests of the directors who were in office at 31 March 2006 in the shares of AWG Plc and in options over such shares granted under that company's share option schemes are set out below

Throughout this section, all interests in shares are in relation to AWG Plc ordinary shares

Beneficial and family interests in the shares of AWG Plc

	1 April 2005	Acquired	Disposals	31 March 2006
K O'Hara	40,875			40,875
B Coghill				
P Russell				

Directors and their interests (continued)

Long term incentive plan

The following directors had a contingent interest at 31 March 2006 in the shares of AWG Plc, representing the maximum aggregate number of shares to which they would be entitled under the Group's Long Term Incentive Plan

K O'Hara	nil	(2005	nil)
B Coghill	nil	(2005	nil)
P Russell	8,974	(2005 –	nil)

Full details of this plan are given in the financial statements of AWG Plc

The long term incentive share scheme is designed to encourage continuing improvement in the AWG group's performance in terms of shareholder return over the longer term Under the scheme, each participant is conditionally awarded a number of shares based on a value equating to a percentage of base salary The proportion of the award to be released to each participant previously depended on the AWG group's performance in terms of total earnings per share No shares will be released for below median performance Above the median level there will be a progressive release of shares up to 100 per cent of allocation The release of shares to participants will be made three years after the initial award

Sharesave scheme options

The directors also have a contingent interest in the shares of AWG Plc under the group's sharesave scheme as follows

	AWG Plc Sharesave Scheme				
	1 April 2005	Options granted	Options exercised	Options lapsed	31 March 2006
K O'Hara	2,795	1,276			4,071
B Coghill					
P Russell					

Options granted under the Sharesave Scheme are exercisable within a period of six months after either the third, fifth or seventh anniversary of the date of the savings contract

The dates of grant and the option prices are set out below

Sharesave Scheme	
Date of grant	Option price
31 January 2003	£3 38

Executive share option scheme

Directors also have a contingent interest in the shares of AWG Plc under the group's Executive Share Option Scheme as follows

	1 April 2005	Options granted	Options exercised	Options lapsed	31 March 2006
K O'Hara	38,080			(12,333)	25,747
B Coghill					
P Russell					

The 2001 ESOS did not meet its minimum performance conditions in the three year period to 31 March 2004 or upon retesting following completion of the financial periods ended 31 March 2005 and 2006, and all outstanding options made under this award have therefore lapsed

No director has any interest in the shares of group companies, other than those shown above

None of the directors has or had during the period, a material interest in any contracts of significance to which the company or any other group company is or was a party

Maintenance and Property Care Limited
Directors report for the year ended 31 March 2006 (continued)

Charitable and political donations
During the year the company made no charitable or political donations (2005 £nil)

Post balance sheet events
There were no significant post balance sheet events

Employees
Employees are kept informed on matters affecting them and made aware of the general financial and economic factors influencing the company

The company operates a systematic approach to employee communication through regular briefings, presentations, electronic mailings and the wide circulation of magazines

AWG Share option and AWG bonus schemes are in place to encourage participation in the company's performance

The company is an equal opportunities employer and applications from disabled persons are fully and fairly considered, having regard to the aptitudes and abilities of the applicant In the event of disability, every effort is made to ensure that employment continues and appropriate training is given Career development and promotion of disabled people is, as far as possible, identical to that of other employees

Payment of suppliers
The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the company at 31 March 2006 were equivalent to 41 days purchases, (2005 35 days), based on the average daily amount invoiced by suppliers during the year

Financial risk management
The directors have not disclosed the Company's financial risk management objectives and policies nor the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk as such information is not material for the assessment of the Company's assets, liabilities, financial position, profit after taxation and profit for the financial year

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that 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 The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that 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 1985 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

So far as each director is aware, there is no relevant information of which the company's auditors are unaware Also each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the directors' duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Maintenance and Property Care Limited
Directors report for the year ended 31 March 2006 (continued)

Auditors

Elective resolutions to dispense with the holding of annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning on the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end

By order of the board,

P Russell
Director
27 November 2006

Maintenance and Property Care Limited
Independent auditors' report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINTENANCE AND PROPERTY CARE LIMITED

We have audited the financial statements of Maintenance and Property Care Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at Maintenance and Property Care Limited and of its loss for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
27 November 2006

Maintenance and Property Care Limited
Profit and loss account
for the year ended 31 March 2006

Note		2006 £'000	2005 restated £'000
3	**Turnover**	37,033	33,739
	Cost of sales	(34,847)	(31,959)
	Gross profit	**2,186**	**1,780**
4	Other operating expenses (net)	(2,066)	(3,270)
5	**Operating profit/(loss)**	**120**	**(1,490)**
6	Finance charges net	(108)	(334)
	Profit/(loss) on ordinary activities before taxation	**12**	**(1,824)**
7	Tax on profit/(loss) on ordinary activities	(49)	513
17	**Loss for the financial year**	**(37)**	**(1,311)**

Statement of total recognised gains and losses

Note		2006 £000's	2005 restated £000's
17	Loss for the financial year	(37)	(1,311)
	FRS 17 retirement benefits		
19	Actuarial gains and losses on defined benefit pension scheme	200	1,800
	Deferred tax on actuarial gain	(60)	(540)
	Total recognised gains and losses relating to the year	**103**	**(51)**
	Prior year adjustment re FRS 17	**(9,360)**	
	Total recognised gains and losses since last annual report	**(9,257)**	

Comparative figures for 2005 have been restated following the adoption of FRS17 Retirement benefits – see note 2

All results related to continuing operations The accompanying notes are an integral part of this profit and loss account

There is no material difference between the loss on ordinary activities or loss for the year stated above, and their historical cost equivalents

Maintenance and Property Care Limited
Statement of movement in shareholders' funds
for the year ended 31 March 2006

Note		2006 £000's	2005 restated £000's
17	Total recognised gains and losses relating to the year	103	(51)
	Dividends paid and proposed		
	Increase/(decrease) in shareholders' funds	103	(51)
	Opening shareholders' funds as previously reported	417	358
	Prior year adjustment Adoption of FRS 17	(9,360)	(9,250)
	Opening shareholders' funds restated	(8,943)	(8,892)
	Closing shareholders' funds	**(8,840)**	**(8,943)**

Comparative figures for 2005 have been restated following the adoption of FRS17 Retirement benefits see note 2

Maintenance and Property Care Limited
Balance sheet
as at 31 March 2006

Note		2006 £000's	2005 restated £000's
	Fixed assets		
10	Tangible assets	389	534
		389	534
	Current assets		
11	Stock	311	382
12	Debtors	3,960	3,301
	Cash at bank and in hand	2,957	2,281
		7,228	5,964
	Creditors amounts falling due within one year		
13	Other creditors	(8,337)	(7,215)
		(8,337)	(7,215)
	Net current assets/(liabilities)	(1,109)	(1,251)
	Total assets less current liabilities	(720)	(717)
14	**Provisions for liabilities and charges**		(176)
	Net assets excluding pension assets / liabilities	**(720)**	**(893)**
19	Retirement benefit liabilities	(8,120)	(8,050)
	Net assets including pension assets / liabilities	**(8,840)**	**(8,943)**
	Capital and reserves		
16	Called up share capital	1	1
17	Profit and loss account	(8,841)	(8,944)
	Equity shareholders' funds	**(8,840)**	**(8,943)**

The notes on pages 10 to 19 form part of these financial statements

Comparative figures for 2005 have been restated following the adoption of FRS17 – Retirement benefits – see note 2

The financial statements were approved by the board of directors on 27 November and signed on its behalf by

P Russell
Director

Maintenance and Property Care Limited
Notes to the financial statements
for the year ended 31 March 2006

1 Accounting policies

The principal accounting policies are summarised below They have been applied consistently throughout the year and the preceding year with the exception for the adoption of FRS17 Retirement Benefits as set out in Note 2 and FRS 20 Share Based Payments as set out in Note 9

a) **Basis of accounting**
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and in accordance with the Companies Act 1985

b) **Cash flow statement**
As the published consolidated financial statements of the ultimate holding company include a consolidated cash flow statement, the company has taken advantage of the exemption within FRS1 (revised 1996) and not presented its own cash flow statement

c) **Turnover**
Turnover represents the income receivable (excluding value added tax) in the ordinary course of business for goods and services provided and, in respect of contract work in progress, the value of work carried out based on the percentage completion method

d) **Tangible fixed assets and depreciation**
Fixed assets are included at cost less accumulated depreciation Freehold land is not depreciated Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their estimated economic lives, which are principally as follows

Leasehold improvements	Over the terms of the lease
Vehicles, mobile plant and computers	3 10 years

Assets in the course of construction are not depreciated until they are commissioned Interest costs are not capitalised into the cost of fixed assets

e) **Stocks and work in progress**
Stocks are stated at cost less any provision necessary to recognise damage and obsolescence Work in progress is valued at the lower of cost and net realisable value Cost includes labour, materials, transport and attributable overheads Net realisable value is the estimated proceeds from the sale of stock less all further costs to be incurred

f) **Pension costs**
The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension scheme asset or liability as appropriate The pension scheme balance is recognised net of any related deferred tax balance

The cost of benefits accruing during the year in respect of current and past service is charged against operating profit The expected return on the schemes assets and the increase in the present value of the schemes liabilities arising from the passage of time are included in other finance income Actuarial gains and losses are recognised in the statement of total recognised gains and losses Actuarial surpluses and deficits are calculated in accordance with the advice of independent qualified actuaries

The cost of defined contribution schemes is charged to the profit and loss account in the year in respect of which the contributions become payable

1 **Accounting policies (continued)**

g) **Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years Deferred taxation is calculated at the rates at which it is estimated that taxation will arise

Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into, and it is unlikely that any gain will be rolled over

Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods

h) **Pre contract costs**

The company's policy is to write off pre contract costs as an expense in line with UITF34

i) **Operating Leases**

Costs incurred in respect of operating leases are charged in arriving at the operating profit for the year

2 **Change to accounting policy**

The company has adopted FRS 17 "Retirement Benefits" which replaces SSAP24 "Accounting for pensions"

Contributions to the group's defined benefit scheme were charged to the profit and loss account so as to spread the cost of pensions over employee's expected working lives with the company Under FRS 17 the valuation is updated annually and the pension scheme liability is recognised in full

The effect of this accounting policy change is shown below

Comparative information

Comparative figures for 2005 have been restated on the adoption of FRS17 and the impact on 2006 are shown below

	2006	2005
	£000's	£000's
Decrease in operating profit	(60)	(1,540)
Other finance income – retirement benefits	(200)	(400)
Decreased in profit before taxation	(260)	(1,940)
Decrease in taxation	90	570
Decrease in profit after taxation	**(170)**	**(1,370)**
Actuarial gain	**200**	**1,800**
Tax on actuarial gain	**(60)**	**(540)**
Total recognised gains and losses	**(30)**	**(110)**
Reversal of SSAP 24 pension prepayment	(1,270)	(1,310)
Decrease in net assets excluding pension liabilities	(1,270)	(1,310)
Recognition of net pension liabilities	(8,120)	(8,050)
Total decrease in net assets – including pension liablities	**(9,390)**	**(9,360)**

3 **Segmental analysis**

All results are derived from a single class of business within the United Kingdom

4 Other operating expenses (net)

	2006 £000's	2005 £000's
Administrative expenses	2,195	3,361
Other operating income	(129)	(91)
Other operating expenses (net)	**2,066**	**3,270**

5 Operating profit

	2006 £000's	2005 £000's
Operating profit is stated after charging		
Depreciation –own assets	167	176
Operating Leases other	84	84
Auditor's remuneration	7	7

6 Finance charges net

	2006 £000's	2005 restated £000's
Interest receivable		
Interest receivable	92	66
	92	66
Other finance income / (costs) retirement benefits		
Expected return on pension scheme assets	1,600	1,300
Interest on pension scheme liabilities	(1,800)	(1,700)
	(200)	(400)
Total finance charges net	**(108)**	**(334)**

7 Taxation

	2006 £000's	2005 Restated £000's
The tax charge for the year comprised		
UK tax current year charge (credit)	50	(529)
UK tax adjustments in respect of prior years	(1)	16
Tax on profit on ordinary activities	**49**	**(513)**
Tax on profit on ordinary activities comprises		
UK Corporation tax at 30 per cent (2005 30 per cent)	233	63
Total current tax	233	63
Deferred tax (note 15)		
Charge for timing differences arising in year	(183)	(592)
Adjustments in respect of prior periods	(1)	16
Total deferred tax	(184)	(576)
Tax on profit on ordinary activities	**49**	**(513)**

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2005 higher than) the standard rate of corporation tax in the UK (30 per cent) The differences are explained below

	2006 £000's	2005 Restated £000's
Profit on ordinary activities before taxation	12	(1,824)
Profit on ordinary activities at the standard UK rate of tax (30 per cent)	4	(547)
Effects of		
Items not deductible for tax purposes	36	7
Accounting depreciation not eligible for tax purposes	10	11
Capital allowances for the year in excess of depreciation	61	10
Short term timing differences (impact of FRS 17)	122	582
Current tax charge for the year	**233**	**63**

Maintenance and Property Care Limited
Notes to the financial statements (continued)

8 Dividends and other payments to shareholders

	2006 £000's	2005 £000's
Equity shares		
Special dividend – 'B' Shares		

Divdends are payable on the 'B' shares as a percentage of profits as detailed in note 16 Based on the application of the contract between Maintenance and Property Care and North Lanarkshire Council it was determined that the dividend to be paid this year is £nil (2005 £ nil)

9 Employee information

	2006 £000's	2005 £000's
Staff costs		
Wages and salaries	17,669	16,920
Social security costs	1,331	1,373
Pension costs (note 17)	2,641	3,494
	21,641	**21,787**

Pension costs charged in arriving at operating profit comprise the following

Contributions to defined contribution scheme	**36**	**15**
Current service cost of defined benefit scheme	**2,605**	**3,479**
	2,641	**3,494**

The majority of the defined benefit scheme members work for the company, and so the liabilities of the scheme are shown in these financial statements Contributions of £555,000 (2005 £221,000) were made to the scheme by other companies within the group

Average number of full time equivalent persons employed	2006 No	2005 No
Salaried employees	115	103
Manual employees	543	557
	658	**660**

The company participates in a number of share incentive schemes that are operated by the Group on behalf of its employees, details of the schemes and performance criteria can be found in the published annual report of AWG Plc The cost of the schemes is calculated with reference to the anticipated number and value of options that will vest at the end of the vesting period and this amount is charged to the Company by AWG Plc with reference to the number of options that the employees of the Company are entitled to Any national insurance that is chargeable on the gain between the option price and the actual share price at the period end is also charged to the profit and loss account The first year that a charge has been levied by AWG Plc is in relation to the current year No charge is to be made for the Save As You Earn Schemes for 2005

Directors remuneration

	2006 £000's	2005 £000's
Emoluments	112	80
Company pension contributions	9	7
	121	**87**

During the year two directors were employed and remunerated as directors or executives of other group companies in respect of services to the group as a whole Their emoluments are therefore disclosed in the accounts of Morrison Facilities Services Limited

Retirement benefits are accruing to two (2005 two) directors under a defined benefit scheme Details of the scheme are set out in the accounts of AWG Plc and the cost to the group included in the directors' emoluments above

Details of share options granted to Directors are shown under Directors' interests on pages 2 to 5
The highest paid director's emoluments are disclosed in the accounts of Morrison Facilities Services Limited

10 Tangible fixed assets

	Land and buildings £000's	Vehicles, plant and equipment £000's	Total £000's
Cost			
At 1 April 2005	403	534	937
Additions		22	22
At 31 March 2006	**403**	**556**	**959**
Depreciation			
At 1 April 2005	(126)	(277)	(403)
Charge for the year	(51)	(116)	(167)
At 31 March 2006	**(177)**	**(393)**	**(570)**
Net book value			
At 31 March 2006	**226**	**163**	**389**
At 31 March 2005	277	257	534

The company's interest in land and buildings are entirely leasehold

Capital commitments
There are no commitments contracted for but not provided for in the financial statements at 31 March 2006

11 Stock

	2006 £000's	2005 £000's
Raw materials and consumables	**311**	**382**

The current replacement value of stock does not materially exceed the historical costs stated above

12 Debtors

	2006 £000's	2005 restated £000's
Amount falling due within one year		
Trade debtors	1,930	1,385
Amounts owed from fellow group undertakings	49	84
Other debtors	11	6
Deferred taxation (note 15)	88	
Amounts due from contract customers	1,882	1,826
	3,960	**3,301**

13 Creditors amounts falling due within one year

	2006 £000's	2005 £000's
Trade creditors	451	219
Amounts owed to fellow group undertakings	2,125	2,693
Corporation tax	233	63
Dividends payable		
Other creditors	1,205	1,324
Other taxation and social security	1,446	1,112
Accruals and deferred income	2,877	1,804
	8,337	**7,215**

14 Provisions for liabilities and charges

	2006 £000's	2005 £000's
Deferred tax (note 15)		6
Contract and other provisions		170
		176

	Contract and other provisions £000's
At 31 March 2005	170
Charge for the year	
Utilised during the year	(170)
At 31 March 2006	

15 Deferred taxation excluding excluding pension liabilities

	2006 £000's
At 31 March 2005	(6)
Charge for the year	94
At 31 March 2006	**88**

The deferred tax asset is shown in debtors in Note 12

	2006 £000's	2005 £000's
Accelerated capital allowances	56	(6)
Other timing differences	32	
Undiscounted asset/(provision) for deferred tax	**88**	**(6)**

There are no deferred tax assets that are not recognised in the accounts The deferred tax on the net pension liabilities is shown in Note 19

16 Share capital

	2006 £	2005 £
Authorised		
667 'A' ordinary shares of £1 each	667	667
333 'B' ordinary shares of £1 each	333	333
	1,000	**1,000**
Allotted, issued and fully paid		
667 'A' ordinary shares of £1 each	667	667
333 'B' ordinary shares of £1 each	333	333
	1,000	**1,000**

The 'A' shares carry voting rights and the right to appoint the directors of the company The 'B' shares do not carry voting rights The 'A' and 'B' shares rank equally for the payment of dividends and the distribution of assets on the winding up of the company

The 'B' shares also carry rights to the payment of a special dividend calculated as 25% of the profits generated by the company in relation to the Works Agreement, adjusted for a cost efficiency rebate as set out in accordance with the Articles of Association, subject to sufficient distributable profits The Works Agreement is a trading contract between North Lanarkshire Council and Maintenance & Property Care Limited For the year ended 31 March 2006 the cost efficiency rebate is 0 9504% (2005 0 7137%)

17 Reserves

	Profit and loss reserve £000's
At 31 March 2005 as previously stated	416
Prior year adjustment – FRS 17	(9,360)
At 31 March 2005 restated	**(8,944)**
Retained loss for the year	(37)
Actuarial gain in pension scheme asset net of related deferred tax	140
At 31 March 2006	**(8,841)**

18 Operating Lease commitments

The company is commited to operating lease arrangements for IT and office equipment amounting to £84,000 per annum for the next three years

19 Pension commitments

The Company is a member of the AWG Plc Group ("The Group") The Group's actuaries are Aon Consulting

Pension arrangements for the majority of the Company's employees are of the funded defined benefit type, through the AWG Pension & Life Assurance Plan ("AWGPLAP") The assets of the AWGPLAP are held in a separately administered fund

The contribution rate paid by the Company from 1 April 2005, as recommended by the Plan Actuary, is 20 3% of pensionable salaries (2005 20 3%) Member's contributions are paid in addition

In addition, the Company participates in another defined benefit scheme and a defined contribution scheme As it is not possible to split the assets and liabilities in respect of the other defined benefit scheme this scheme is treated as a defined contribution scheme in these accounts These defined benefit arrangements are closed to new hires, who are eligible instead for entry to the Group's defined contribution scheme The Company's contributions to this scheme in the year amounted to £36,655 (2005 £15,285)

The administration and investment of the pension funds are maintained separately from the finances of the Company and the Group

Pension costs are assessed in accordance with the advice of independent professionally qualified actuaries The company accounts for its pension costs in accordance with FRS17 – Retirement benefits

The valuation used for the FRS17 disclosures for AWGPLAP has been based on the funding update carried out as at 1 April 2005, updated by independent actuaries to take account the requirements of FRS17 in order to assess the liabilities of the schemes at 31 March 2006

Cash contributions

The company contributions to the funded defined benefit scheme for the year ended 31 March 2006 were £2,581,000 (2005 £1,994,000)

19 Pension commitments (continued)

The liabilities of the schemes have been valued using the projected unit method and using the following assumptions Note comparatives for 2003 are not available, as 2004 was the first year that such an analysis had been done for the company The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions about the future which may not necessarily be borne out in practice

	2006	2005	2004
	% p a	% p a	% p a
Discount rate	4 9	5 4	5 5
Inflation rate	2 8	2 8	2 9
Increase to deferred benefits during deferment	2 8	2 8	2 9
Increases to inflation related pension in payment	2 8	2 8	2 9
General salary increases	3 8	3 8	4 4

The long term expected rate of return and the assets in the schemes are

	2006	2006	2005	2005	2004	2004
	Expected rate of return % pa	Fair value of scheme assets £000's	Expected rate of return % pa	Fair value of scheme assets £000's	Expected rate of return % pa	Fair value of scheme assets £000's
Equities	7 3	24,200	7 7	17,500	7 8	14,100
Corporate Bonds	4 7	1,400	5 1	1,100	5 2	800
Gilts	4 3	4,300	4 7	3,300	4 8	2,700
Property	6 3		6 7		6 8	
Other	4 4	400	4 8	300	4 0	300
Total Assets		30,300		22,200		17,900
Fair value of scheme liabilities		(41,900)		(33,700)		(29,300)
Deficit in the scheme		(11,600)		(11,500)		(11,400)
Related deferred tax asset		3,480		3,450		3,420
Net pension liability		(8,120)		(8,050)		(7,980)

The deferred tax attributable to pension scheme deficits is not discounted because the related deficits are themselves determined on a discounted basis

19 Pension commitments (continued)

Summary of charges through profit and loss account as a result of FRS 17

Profit and loss account	**2006**	**2005**
	£000's	**£000's**
Current service cost	(2,605)	(3,479)
Charge to operating profit	**(2,605)**	**(3,479)**
Expected return on pension scheme assets	1,600	1,300
Interest on pension scheme liabilities	(1,800)	(1,700)
Amount charged to other finance income	**(200)**	**(400)**
Charge to profit on ordinary activities before taxation	**(2,805)**	**(3,879)**

Statement of total recognised gains and losses	**2006**	**2005**
	£000's	**£000's**
Actual return on pension scheme assets less expected return	3,300	600
Experience gains and losses arising on the scheme liabilities	2,200	(400)
Changes in assumptions underlying the present value of the scheme liabilities	(5,300)	1,600
Gain recognised	**200**	**1,800**

Movement in scheme deficit

	2006	**2005**
	£000's	**£000's**
Deficit at 1 April	(11,500)	(11,400)
Current service costs	(2,605)	(3,479)
Contributions	2,505	1,979
Past service costs		
Net interest	(200)	(400)
Actuarial gain	200	1,800
Deficit at 31 March	**(11,600)**	**(11,500)**

19 Pension commitments (continued)

Details of experience gains and losses	**2006**	**2005**	**2004**
	£000's	**£000's**	**£000's**
Difference between expected and actual returns on scheme assets			
Amount	3,300	600	2,900
Percentage of scheme assets	10 9%	2 7%	16 2%
Experience gains and losses on scheme liabilities			
Amount	2,200	(400)	(0 9)
Percentage of present value of scheme liabilities	5 3%	(1 2%)	(0 1%)
Amount in statement of total recognised gains and losses			
Amount	200	1,800	2 9
Percentage of present value of scheme liabilities	0 5%	5 3%	9 9%

20 Contingent liabilities

There are no contingent liabilities

21 Related party transactions

The company has a contract to provide North Lanarkshire Council (NLC) with repair and maintenance servi es for a 10 year period NLC are the holders of the company's 'B' ordinary shares

During the year £31,287,000 (2005 £31,643,000) of the company's turnover and £1,007,725 (2005 £649,000) of the company's trade debtors as at 31 March related to services provided to NLC

The company leases property and vehicles from NLC over the term of the contract at a notional annual rental of £2

The 'B' shares carry rights to a special dividend as disclosed in note 16

In addition, the company also pays an annual management charge to its immediate parent company, Morrison Facilities Services Limited In the year to 31 March 2006, this fee was £722,942 (2005 £1,280,081), and the outstanding amount due to Morrison Facilities Services Ltd for management charges at 31 March 2006 was £2,003,023 (2005 £2,449,000)

The company also uses Morrison Construction Services Limited to act as payroll agent for 100 of its employees This Company was sold to Galliford Try on 31st March 2006 As at 31 March 2006, the company owed Morrison Construction £94,000 (2005 £83,000) in relation to payroll costs

22 Post balance sheet events

There are no significant post balance sheet events

23 Ultimate Parent undertaking

The immediate parent undertaking is Morrison Facilities Services Ltd, which is the parent undertaking of the smallest group to consolidate these financial statements Copies of Morrison Facilities Services Limited consolidated financial statements can be obtained from the Morrison Head Office at 169 Euston Road, London NW1 2AE

The ultimate parent undertaking and controlling party is AWG plc, which is the parent undertaking of the largest group to consolidate these financial statements Copies of AWG plc consolidated financial statements can be obtained from the Company Secretary Anglian House, Ambury Road, Huntingdon, Cambridgeshire, PE29 3NZ