Maintenance and Property Care Limited

Annual report and financial statements

For the year ended 31 March 2008

Registered number SC208636

Maintenance and Property Care Limited
Annual report and financial statements
For the year ended 31 March 2008

Maintenance and Property Care Limited
Directors and advisers

Directors
Graham Eden
Kevin O'Hara
Bill Coghill

Secretary
Geoffrey Shepheard

Registered Office
Morrison House
Ellismuir Way, Tannochside Park
Uddingston
GLASGOW
G71 5QA

Independent Auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers
Barclays Bank plc
1 Market Hill
Huntingdon
Cambridgeshire
PE18 6AE

Maintenance and Property Care Limited
Directors' report for the year ended 31 March 2008

The directors present their report together with the financial statements and independent auditors' report for the year ended 31 March 2008

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 loss of £566,000 (2007 £686,000) for the year and sales of £37,619,000 (2006 £33,725,000) During the year the company implemented new hand held technology which resulted in a reorganisation of the Company and redundancies The impact of this was that the Company incurred costs of £1 5 million which have been charged to the profit and loss account

The ultimate parent company of Maintenance and Property Care Limited is Anglian Water Group Limited Anglian Water Group Limited is itself owned by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, Industry Funds Management, and 3i Group Plc

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 the contract will be profitable in the future as the restructuring that took place during the year was undertaken to improve operational efficiencies

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 Operating and Financial Review within the annual report of Morrison Plc, an intermediate 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 (2007 £nil), to North Lanarkshire Council in accordance with the rights attaching to the 'B' shares The loss has been transferred to reserves

Directors
The directors of the Company are as follows

G Eden	(appointed 5 June 2008)
B Coghill	
K O'Hara	
P Russell	(resigned 19 May 2008)
C Strachan	(resigned 31 May 2008)

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

Charitable and political donations
During the year the Company made no charitable or political donations (2007 £nil)

Maintenance and Property Care Limited
Directors' report (continued)

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 bonus and saving 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 2008 were equivalent to 55 days purchases (2007 10 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
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 those 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 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

Maintenance and Property Care Limited
Directors' report (continued)

Disclosure of information to auditors
Each person who is a director at the date of approval of this report confirms that

- So far as the directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in preparing their report) of which the Company's auditors are unaware, and

- The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985

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,

K O'Hara
Director
28 August 2008

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 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of movement in total equity shareholders' funds and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we 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 31 March 2008 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
28 August 2008

Maintenance and Property Care Limited
Profit and loss account
for the year ended 31 March 2008

Note		2008 £'000	2007 £'000
2	**Turnover**	37,619	33,725
	Cost of sales	(38,116)	(33,322)
	Gross (loss)/profit	**(497)**	**403**
3	Other operating expenses (net)	(711)	(1,175)
4	**Operating loss**	**(1,208)**	**(772)**
5	Finance income (net)	642	86
	Loss on ordinary activities before taxation	**(566)**	**(686)**
6	Tax (charge)/credit on loss on ordinary activities	(328)	143
15	**Loss for the financial year**	**(894)**	**(543)**

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

Statement of total recognised gains and losses for the year ended 31 March 2008

Note		2008 £000's	2007 £000's
15	Loss for the financial year	(894)	(543)
	FRS 17 retirement benefits		
17	Actuarial gains and losses on defined benefit pension scheme	7,540	9,270
	Deferred tax on actuarial gain (including impact of tax rate change)	(1,878)	(2,781)
	Total recognised gains and losses relating to the year	**4,768**	**5,946**

Statement of movement in total equity shareholders' funds for the year ended 31 March 2008

Note		2008 £000's	2007 £000's
15	Total recognised gains and losses relating to the year	4,768	5,946
	Dividends paid and proposed		
	Increase in total equity shareholders' funds	4,768	5,946
	Opening total equity shareholders' deficits	(2,894)	(8,840)
	Closing total equity shareholders' funds/(deficits)	**1,874**	**(2,894)**

Maintenance and Property Care Limited
Balance sheet
as at 31 March 2008

Note		2008 £000's	2007 £000's
	Fixed assets		
9	Tangible assets	194	266
		194	266
	Current assets		
10	Stock	300	268
11	Debtors	7,635	5,305
	Cash at bank and in hand	107	653
		8,042	6,226
	Creditors amounts falling due within one year		
12	Other creditors	(11,078)	(7,300)
	Net current liabilities	(3,036)	(7,300)
	Net liabilities excluding pension assets / liabilities	(2,842)	(808)
17	Retirement benefit net surplus/(liabilities)	4,716	(2,086)
	Net assets/(liabilities) including pension assets / liabilities	**1,874**	(2,894)
	Capital and reserves		
14	Called up share capital	1	1
15	Profit and loss account	1,873	(2,895)
	Total equity shareholders' deficits	**1,874**	**(2,894)**

The notes on pages 8 to 17 form part of these financial statements

The financial statements were approved by the board of directors on 28 August 2008 and signed on its behalf by

K O'Hara
Director

Maintenance and Property Care Limited
Notes to the financial statements

1 Accounting policies

The principal accounting policies are summarised below They have been applied consistently throughout the year and the preceding year

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

At 31 March 2008 the company had an excess of current liabilities over current assets of £3,036,000 principally as a result of amounts due to fellow group undertakings The directors are satisfied that they will be able to obtain additional funding from its parent company or other group companies, if necessary, in order to enable the company to pay its creditors as and when they fall due Accordingly, the directors have prepared the financial statements on the going concern basis

b) **Cash flow statement**
The Company has taken advantage of the provisions under FRS1 (revised 1996), not to produce a cash flow statement, as the Company's results are included in the consolidated financial statements of the ultimate parent company which itself includes a 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

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

1 Accounting policies (continued)

(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 Segmental analysis

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

3 Other operating expenses (net)

	2008 £000's	2007 £000's
Administrative expenses	818	1,326
Other operating income	(107)	(151)
Other operating expenses (net)	**711**	**1,175**

4 Operating loss

	2008 £000's	2007 £000's
Operating loss is stated after charging		
Depreciation own assets	96	123
Operating leases – other	84	84
Auditors' remuneration statutory audit	10	7

5 Finance income (net)

	2008 £000's	2007 £000's
Interest receivable		
Interest receivable	82	96
	82	96
Other finance income / (costs) retirement benefits		
Expected return on pension scheme assets	2,650	2,130
Interest on pension scheme liabilities	(2,090)	(2,140)
	560	(10)
Total finance income (net)	**642**	**86**

6 Taxation

	2008 £000's	2007 £000's
The tax charge/(credit) for the year comprised		
Current year charge/(credit)	361	(176)
Adjustments in respect of prior years	(33)	33
Tax on loss on ordinary activities	**328**	**(143)**
UK corporation tax at 30 per cent (2007 30 per cent)	(500)	22
Adjustments in respect of prior years		(24)
Total current tax	(500)	(2)
Deferred tax (note 13)		
Charge/(credit) for timing differences arising in year	603	(198)
Effects of corporation tax rate change	258	
Adjustments in respect of prior years	(33)	57
Total deferred tax	828	(141)
Tax charge/(credit) on loss on ordinary activities	**328**	**(143)**

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2007 higher than) the standard rate of corporation tax in the UK (30 per cent) The differences are explained below

	2008 £000's	2007 £000's
Loss on ordinary activities before taxation	(566)	(686)
Loss on ordinary activities at the standard UK rate of tax (30 per cent)	(170)	(206)
Effects of		
Items not deductible for tax purposes	10	20
Accounting depreciation not eligible for tax purposes	10	10
Capital allowances for the year in excess of depreciation	(1)	3
Adjustments to the tax charge in respect of previous periods		(24)
Short term timing differences (impact of FRS 17)	(603)	195
Losses carried forward	254	
Current tax charge for the year	**(500)**	**(2)**

7. Dividends and other payments to shareholders

	2008 £000's	2007 £000's
Equity shares		
Special dividend 'B' Shares		

Dividends are payable on the 'B' shares as a percentage of profits as detailed in note 14 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 (2007 £nil)

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

8 Employee information

	2008 £000's	2007 £000's
Staff costs		
Wages and salaries	17,987	16,763
Social security costs	1,369	1,377
Pension costs (note 17)	2,316	3,100
Share scheme costs		
Regular cost		56
Early vesting breakage charge		60
	21,672	**21,356**

	2008 £000's	2007 £000's
Pension costs charged in arriving at operating profit comprise the following		
Contributions to defined contribution scheme	26	24
Current service cost of defined benefit scheme	2,290	3,076
	2,316	**3,100**

Average number of full time equivalent persons employed	2008 No	2007 No
Salaried employees	124	126
Manual employees	490	546
	614	**672**

Directors remuneration	2008 £000's	2007 £000's
Emoluments	105	249
Company pension contributions	8	16
	113	**265**

During the year three (2007 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 (2007 two) directors under a defined benefit scheme Details of the scheme are set out in the accounts of Osprey Holdco Limited and the cost to the group included in the directors' emoluments disclosed in the accounts of Morrison Facilities Services Limited

During 2007 the highest paid director and two directors received shares in AWG Plc under long term incentive schemes and two directors exercised options

9. Tangible fixed assets

	Land and buildings £000's	Vehicles, plant and equipment £000's	Total £000's
Cost			
At 1 April 2007	403	556	959
Additions		24	24
At 31 March 2008	**403**	**580**	**983**
Depreciation			
At 1 April 2007	(227)	(466)	(693)
Charge for the year	(50)	(46)	(96)
At 31 March 2008	**(277)**	**(512)**	**(789)**
Net book value			
At 31 March 2008	**126**	**68**	**194**
At 31 March 2007	176	90	266

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 2008 (2007 £nil)

10 Stock

	2008 £000's	2007 £000's
Raw materials and consumables	**300**	**268**

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

11 Debtors

	2008 £000's	2007 £000's
Amount falling due within one year		
Trade debtors	4,103	2,433
Amounts owed from fellow group undertakings	46	29
Corporation tax debtor	500	
Deferred taxation (note 13)	56	34
Amounts due from contract customers	2,930	2,809
	7,635	**5,305**

12 Creditors amounts falling due within one year

	2008 £000's	2007 £000's
Trade creditors	371	371
Amounts owed to fellow group undertakings	2,989	1,336
Corporation tax		231
Other creditors	3,995	1,982
Other taxation and social security		687
Accruals and deferred income	3,723	2,693
	11,078	**7,300**

13 Deferred taxation excluding pension liabilities

	2008 £000's
At 1 April 2007	34
Charge for the year	22
At 31 March 2008	**56**

The deferred tax asset is shown in debtors in Note 11

	2008 £000's	2007 £000's
Accelerated capital allowances	31	34
Other timing differences	25	
Undiscounted provision for deferred tax	**56**	**34**

The deferred tax on the net pension liabilities is shown in Note 17 There are tax losses of £315,000 carried forward which have not been recognised within these accounts as there is uncertainty as to the timing of their recovery

14 Share capital

	2008 £	2007 £
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 2008 the cost efficiency rebate is 1 4223% (2007 1 1866%)

15 Reserves

	Profit and loss reserve £000's
At 1 April 2007	**(2,895)**
Loss for the year	(894)
Actuarial gain in pension scheme asset net of related deferred tax	5,662
At 31 March 2008	**1,873**
Pension surplus	**(4,716)**
Profit and loss excluding pension surplus	**(2,843)**

16 Operating lease commitments

The Company is committed to operating lease arrangements for IT and office equipment amounting to £3,000 (2007 £84,000) per annum for the next two years

17 Pension commitments

The Company is a member of the Anglian Water 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 Morrison Facilities Pension Fund ("MFPS") formerly the AWG Pension & Life Assurance Plan The assets of AWGPLAP are held in a separately administered fund

The Company contributed 20 3% of pensionable salaries (2007 20 3%) plus £117,000 per month from 1 April 2007 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 £56,489 (2007 £23,969)

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 FRS17 has been based on the scheme's informal actuarial valuations carried out as at 1 April 2007, updated by independent actuaries to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 March 2008

Cash contributions
The Company contributions to the funded defined benefit scheme for the year ended 31 March 2008 were £2,500,000 (2007 £3,076,000) In addition contributions to MFPS were made by other Group companies of £960,000 (2007 £434,000)

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 The liabilities of the scheme has been valued using the projected unit method and using the following assumptions

	2008	2007	2006	2005
	%pa	% p a	% p a	% p a
Discount rate	6 3	5 3	4 9	5 4
Inflation rate	3 5	3 1	2 8	2 8
Increase to deferred benefits during deferment	3 5	2 9	2 8	2 8
Increases to inflation related pension in payment	3 2	2 9	2 8	2 8
General salary increases	4 5	4 1	3 8	3 8

17 Pension commitments (continued)

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

	2008	2008	2007	2007	2006	2006
	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 6	10,230	7 7	28,060	7 3	24,200
Corporate Bonds	6 6	9,660	5 1	1,710	4 7	1,400
Gilts	4 6	7,900	4 7	5,170	4 3	4,300
Property	6 6	530	6 7		6 3	
Alternatives	6 6	11,570				
Other	5 0	3,980	5 0	250	4 4	400
Total Assets		43,870		35,190		30,300
Fair value of scheme liabilities		(36,730		(38,170)		(41,900)
Impact of limit on recognition of surplus[1]		(590)				
Surplus/(deficit) in the scheme recognised in the accounts		6,550		(2,980)		(11,600)
Related deferred tax asset		(1,834)		894		3,480
Net pension surplus/(liability)		4,716		(2,086)		(8,120)

[1] In accordance with FRS 17 paragraph 37

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

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

17 Pension commitments (continued)

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

Profit and loss account	**2008**	**2007**
	£000's	**£000's**
Current service cost	(3,250)	(3,510)
Charged in other company accounts	960	434
Charge to operating profit	**(2,290)**	**(3,076)**
Expected return on pension scheme assets	2,650	2,130
Interest on pension scheme liabilities	(2,090)	(2,140)
Amount charged to other finance income	**560**	**(10)**
Charge to profit on ordinary activities before taxation	**(1,730)**	**(3,086)**

Statement of total recognised gains and losses	**2008**	**2007**
	£000's	**£000's**
Actual return on pension scheme assets less expected return	1,950	10
Experience gains and losses arising on the scheme liabilities	1,130	(260)
Changes in assumptions underlying the present value of the scheme liabilities	5,260	9,520
Adjustment to gains and losses in relation to recognition of surplus/deficit [1]	(590)	
Actuarial gain recognised in the accounts	7,750	9,270
Past service cost offset against surplus not recognised[1]	(210)	
Gain recognised in the accounts	**7,540**	**9,270**

[1]In accordance with FRS 17 paragraph 37 and paragraph 67

Movement in scheme deficit	**2008**	**2007**
	£000's	**£000's**
Deficit at 1 April	(2,980)	(11,600)
Current service costs	(3,250)	(3,510)
Past service cost	(210)	
Contributions (including from other group companies)	4,680	2,870
Net interest	560	(10)
Actuarial gain	7,750	9,270
Surplus/deficit at 31 March	**6,550**	**(2,980)**

17 **Pension commitments (continued)**

Details of experience gains and losses	**2008**	**2007**	**2006**	**2005**	**2004**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Difference between expected and actual returns on scheme assets					
Amount	1,950	10	3,300	600	2,900
Percentage of scheme assets	4 4%		10 9%	2 7%	16 2%
Experience gains and losses on scheme liabilities					
Amount	1,130	(260)	2,200	(400)	(0 9)
Percentage of present value of scheme liabilities	3 1%	(0 7%)	5 3%	(1 2%)	(0 1%)
Amount in statement of total recognised gains and losses					
Amount	7,750	9,270	200	1,800	2 9
Percentage of present value of scheme liabilities	21 1%	24 3%	0 5%	5 3%	9 9%

18. **Contingent liabilities**
There are no contingent liabilities

19. **Related party transactions**
The Company has a contract to provide North Lanarkshire Council (NLC) with repair and maintenance services for a 10 year period NLC are the holders of the Company's 'B' ordinary shares

During the year £36,165,000 (2007 £32,395,000) of the Company's turnover and £3,452,000 (2007 £1,629,000) 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 14

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 2008, this fee was £nil (2007 £580,000), and the outstanding amount due to Morrison Facilities Services Ltd for management charges at 31 March 2008 was £1,302,942 (2007 £1,302,942)

20 **Ultimate parent undertaking**
The immediate parent company is Morrison Facilities Services Limited, a company registered in England Morrison Plc, a company registered in England, is the parent company of the smallest group to consolidate the financial statements of the Company Copies of the financial statements can be obtained from Morrison Plc, 169 Euston Road, London, NW1 2AE

Osprey Holdco Limited is the parent company of the largest group to consolidate the financial statements of the Company, copies of which can be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ

The Directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent company Anglian Water Group Limited is itself owned by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, Industry Funds Management, and 3i Group Plc