

Lclm
SC 208636

MORRISON PROPERTY CARE LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

1. The directors submit their report and the audited financial statements for the year ended 31 March 2002.

2. **PRINCIPAL ACTIVITIES**

The company carries on the business of land and buildings maintenance, predominantly for North Lanarkshire Council, from whom it purchased the business of the Direct Labour Organisation.

3. **REVIEW OF BUSINESS, DIVIDENDS AND FUTURE DEVELOPMENTS**

The trading results for the year are shown in the profit and loss account on page 6. The directors recommend payment of a special dividend of £38,500, (31 March 2001 fnil), to North Lanarkshire Council in accordance with the rights attaching to the 'B' shares and the remaining profit has been transferred to reserves.

Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

4. **DIRECTORS**

The directors of the company who held office during the year and to date were:

J Livingstone	(Resigned 30.06.02)
P Brynes	
P J Clifton	(Appointed 19.12.01)
D W G Harley	(Appointed 19.12.01)
A T Eckford	(Appointed 9.11.01; Resigned 19.12.01)
T J Pettifor	(Appointed 18.10.01; Resigned 9.11.01)

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

5. **DIRECTORS' INTERESTS**

Mr A T Eckford is a director of awg plc and his interests in the shares of awg plc are shown in that company's financial statements.

The beneficial interests of the other directors in the shares of awg plc, at the date of their appointment or at the end of the financial year, were as follows:

Interests held in Ordinary shares of 10p each were as follows:

	At 31 March 2002 Number of shares	At 31 March 2001 Number of shares
P Brynes	-	-
J Livingstone	-	-
D W G Harley	-	-
P J Clifton	-	-
T J Pettifor	3,809	3,809



MORRISON PROPERTY CARE LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

5. **DIRECTORS' INTERESTS (CONT'D)**

Options to subscribe for ordinary shares, under the Sharesave and Long Term Incentive share option schemes, granted to, lapsed and exercised by directors during the year, were as follows:

Interests in the Sharesave scheme were as follows:

	Options outstanding 31 March 2002 <u>Number of shares</u>	Options outstanding 31 March 2001 <u>Number of shares</u>
P Brynes	3,672	2,884
J Livingstone	3,605	3,605
D W G Harley	-	-
P J Clifton	-	-
T J Pettifor	2,232	2,232

Options granted under the Sharesave Scheme are exercisable within a period of 6 months after the third, fifth or seventh anniversary of the date of the savings contract.

The date of grant and the option prices are set out below:

<u>Date of Grant</u>	<u>Option Price</u>
31 January 2001	£4.68
31 January 2002	£4.20

The following contingent interests were held under the Group's Long Term Incentive Plan:

	<u>At 31 March 2002 Number of Shares</u>	<u>At 31 March 2001 Number of Shares</u>
P Brynes	6,538	6,538
J Livingstone	7,833	7,833
D W G Harley	-	-
P J Clifton	11,066	11,066
T J Pettifor	23,852	23,852

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 performance in terms of total shareholder return but in future years will depend on the awg group's performance in terms of 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 allocation. The release of shares to participants will be made three years after the initial award.

None of the Directors had during the year or has a material interest in any contracts of significance to which the company or any other group company is or was a party.

MORRISON PROPERTY CARE LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

6. POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the company's policy to provide suppliers of goods and services with a statement of general conditions of contract. This document is available from the awg plc procurement department. In general, regional purchasing agreements are in place with preferred suppliers and the terms will apply to all transactions. The company abides by the terms of payment. At 31 March 2002 the company had 52 days purchases outstanding (31 March 2001 42 days).

7. EMPLOYEE INVOLVEMENT

Acknowledging the right of our employees to be informed and made aware of matters which affect their work, the company is firmly committed to a policy of communication, consultation and involvement. Arrangements have been established for the provision of information to all employees in the form of periodic company magazines and other regularly documented announcements.

8. DISABLED PERSONS

It is the policy and practice of the company to actively encourage and assist in the employment, training and career development of disabled persons wherever possible. In the event of employees becoming disabled during their employment, the company will make every effort to continue their employment and arrange appropriate training.

9. DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will not continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 8 under Note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2002, 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 of taking reasonable steps for the prevention and detection of fraud and other irregularities.

MORRISON PROPERTY CARE LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

10. AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board
P Brynes

A handwritten signature in dark ink, appearing to read 'P Brynes', with a horizontal line drawn underneath the name.

Director
14 October 2002
Registered in Scotland - No. - 208636

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MORRISON PROPERTY CARE LIMITED**

We have audited the financial statements on pages 6 to 16, which comprise the profit and loss account, the balance sheet and Notes 1 to 17.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

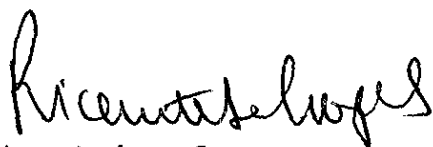
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the company's affairs at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Edinburgh 18 October 2002

MORRISON PROPERTY CARE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	<u>Notes</u>	Year to <u>31.3.02</u> £000's	Period from 29.06.00 to <u>31.3.01</u> £000's
TURNOVER	1(c)	29,556	5,087
Cost of Sales		(26,042)	(4,396)
		<hr/>	<hr/>
Gross Profit		3,514	691
Administrative Expenses		(3,463)	(745)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	2	51	(54)
Interest	6	142	5
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		193	(49)
Taxation	7	(39)	-
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		154	(49)
Dividends	8	38	-
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		116	(49)
		<hr/>	<hr/>

STATEMENT OF RETAINED PROFITS

Opening balance at 1 April 2001/(29 June 2000)	(49)	-
Retained profit/(loss) for the financial year	116	(49)
	<hr/>	<hr/>
Closing balance at 31 March 2002	67	(49)
	<hr/>	<hr/>

All activities are continuing.

There is no difference between the profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

MORRISON PROPERTY CARE LIMITED
BALANCE SHEET
31 MARCH 2002

	<u>Notes</u>	<u>31.3.02</u> £000's	<u>31.3.01</u> £000's
FIXED ASSETS			
Tangible Assets	9	289	-
CURRENT ASSETS			
Stocks and Work in progress	10	2,336	1,537
Debtors	11	2,687	2,430
Cash at bank and in hand		3,137	3,202
		<u>8,160</u>	<u>7,169</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	12	(7,988)	(7,217)
		<u>172</u>	<u>(48)</u>
NET CURRENT ASSETS/(LIABILITIES)			
		<u>461</u>	<u>(48)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>461</u>	<u>(48)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	(393)	-
		<u>68</u>	<u>(48)</u>
NET ASSETS/(LIABILITIES)			
		<u>68</u>	<u>(48)</u>
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Profit and loss account		67	(49)
		<u>68</u>	<u>(48)</u>
Equity Shareholders' Funds/(Deficit)			
	15	<u>68</u>	<u>(48)</u>

The financial statements on pages 6 to 16 were approved by the board of directors on 14 October 2002 and were signed on its behalf by:

P BRYNES


DIRECTOR

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom.

During the year, three new accounting standards were introduced: Financial Reporting Standard 17 (FRS17), 'Retirement Benefits', FRS18 'Accounting Policies', and FRS19 'Deferred Tax'.

In respect of FRS17 'Retirement Benefits', the company has adopted disclosure requirements only, by virtue of the required disclosures being included in the financial statements of awg plc, and has not adopted the standard. This is permitted by FRS17.

The effect of the implementation of FRS19 is detailed below in 1(b). The objective of FRS18 is to ensure that accounting policies and estimation techniques adopted are the most appropriate for the purpose of giving a true and fair view; and that those policies are reviewed regularly by the board of directors. None of the company's accounting policies have been changed as a result of the implementation of FRS18.

The following principal accounting policies and estimation techniques have been applied to the financial statements as stated:

(a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

(b) CHANGE IN ACCOUNTING POLICY

FRS19 'Deferred Tax' has been adopted for the first time by the company in the year ended 31 March 02.

In the previous period the company has complied with the Statement of Accounting Practice 15 'Deferred Taxation' (SSAP15) which has now been superceded by the introduction of FRS19. SSAP15 required provision for deferred taxation to be made using the liability method to the extent that net deferred tax assets of liabilities were likely to crystallise in the foreseeable future. This method was commonly referred to as partial provisioning. FRS19, by contrast, requires a form of full provisioning (see note 1.(h) Deferred taxation).

The effect of the implementation of FRS19 is not material to the financial statements.

(c) TURNOVER

Turnover represents the value of work executed and goods and services supplied by the company during the year in the ordinary course of business, wholly within the UK, excluding Value Added Tax.

(d) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are included at cost less accumulated depreciation. Depreciation 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 term of the lease
Vehicles, mobile plant, and computers	3-10 years

(e) GRANTS

Revenue grants are credited to the profit and loss account in the year to which they apply.

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) LEASED ASSETS

Rental costs arising under operating leases are expensed over the term of the lease.

(g) STOCKS AND WORK IN PROGRESS

Stocks and Work in progress are valued at the lower of cost and net realisable value. Work in progress cost comprises direct expenditure and production overheads incurred in the normal course of business, and net realisable value is the estimated sales value less all further costs to be incurred. Provision is made for the foreseeable losses on contracts, and for any obsolete, slow-moving or defective stocks.

(h) 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 rate at which it is estimated that taxation will arise. Deferred taxation balances are not discounted, as doing so does not have a material impact.

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 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.

(i) PENSION COSTS

Contributions to the Morrison Group Pension and Life Assurance Plan and Morrison Government Services Limited's defined benefit pension schemes are charged to the profit and loss account so as to spread the regular cost of pensions over the average service lives of employees, in accordance with the advice of an independent qualified actuary. Actuarial surpluses and deficits are amortised, where appropriate, over the average remaining service lives of employees. 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. Details of the plan appear in the financial statements of awg plc.

(j) CASHFLOW STATEMENT

The company is a subsidiary of awg plc and 90% or more of the voting rights of the company are controlled within the group. The cashflows of the company are included in the consolidated group cashflow statement of awg plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from publishing a cashflow statement.

(k) RELATED PARTY TRANSACTIONS

The company has taken advantage of an exemption within FRS8 which allows non-disclosure of transactions and balances with group companies which are eliminated on consolidation of the ultimate holding company accounts, where 90% or more of the voting rights of the subsidiary undertaking are controlled within the group.

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

2. **OPERATING PROFIT/LOSS**

Operating profit/(loss) is stated after charging:

	Year to 31.3.02 £000's	Period from 29.06.00 to 31.3.01 £000's
Depreciation	10	-
	<hr/>	<hr/>

Auditors' remuneration is paid by and disclosed in the financial statements of Anglian Water Limited.

3. **DIRECTORS' EMOLUMENTS**

Mr A T Eckford is a director of awg plc and his emoluments are disclosed in that company's financial statements.

Mr J Livingstone is a director of Morrison Government Services Limited and his emoluments are disclosed in that company's financial statements. The emoluments of other directors are included in the financial statements of A W Facilities Management Holdings (UK) Limited, including the highest paid director, apart from Mr P Brynes as follows:

	Year to 31.3.02 £000's	Period from 29.06.00 to 31.03.01 £000's
Aggregate emoluments	74	71
	<hr/>	<hr/>

Details of share options granted to Directors are shown under Directors' Interests on pages 1 and 2.

Retirement benefits are accruing to 6 (31 March 2001 4) directors under a defined benefit scheme. During the year no directors exercised options (31 March 2001 nil).

4. **EMPLOYEE INFORMATION**

The average number of persons employed by the company, including directors, during the year is as follows:

	Year to 31.3.02 Number	Period from 29.06.00 to 31.03.01 Number
Salaried employees	97	86
Manual employees	595	603
	<hr/>	<hr/>
	692	689
	<hr/>	<hr/>

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

4. EMPLOYEE INFORMATION (CONT'D)

The costs incurred in respect of employees were:

	Year to 31.3.02 £000's	Period from 29.06.00 to 31.03.01 £000's
Wages and salaries	15,213	2,623
Social security costs	1,571	252
Other pension costs (Note 5)	1,510	378
	<hr/>	<hr/>
	18,294	3,253
	<hr/>	<hr/>

5. PENSION COSTS

The company's immediate parent company, Morrison Government Services Limited, operates a defined benefit pension plan for the majority of the company's employees. The assets of the plan are held in a separately administered fund. The provisional contributions rate applied by the company and recommended by the Scheme Actuary is 18.4% (31 March 2001 18.4%) of pensionable salaries. Members' contributions are paid in addition. As the plan only commenced in January 2001, the company's contribution rate will be reviewed once the initial Plan valuation is carried out, and no actuarial valuation has yet been undertaken.

The remaining employees also have the choice of joining the Morrison Group Pension and Life Assurance Plan, which is a defined benefit scheme. As the company is unable to identify its share of the underlying assets and liabilities of the group scheme, the contributions paid by the company are accounted as if the scheme were a defined contribution scheme. The most recent valuation of the scheme was performed as at 31 March 2001. The valuation indicated a liability on the scheme of £16.4 million. The cost of contributions to the scheme amount to 13% of pensionable salary (31 March 2001 12%). It has been agreed by the trustees that contributions to the scheme are to remain at the same level until 31 December 2002 and will then be reviewed.

The total pension cost to the company for the year ended 31 March 02 was £1,510,000 (31 March 2001 £378,000) of which £237,000 was accrued at 31 March 2002 (31 March 2001 £249,000).

6. INTEREST

	Year to 31.3.02 £000's	Period from 29.06.00 to 31.03.01 £000's
Bank interest received/receivable	184	14
Group interest paid/payable	(42)	(9)
	<hr/>	<hr/>
	142	5
	<hr/>	<hr/>

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

7. TAXATION

Tax on profit on ordinary activities comprises:

	Year to <u>31.3.02</u> £000's	Period from 29.06.00 to <u>31.3.01</u> £000's
Current Tax: UK Corporation tax on profits of the financial year	35	-
Deferred tax: Charge for timing differences arising in the year	4	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	39	-
	<hr/>	<hr/>

Factors Affecting the Tax Charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year to <u>31.3.02</u> £000's	Period from 29.06.00 to <u>31.3.01</u> £000's
Profit/(loss) on Ordinary Activities before Taxation	193	(49)
	<hr/>	<hr/>
Profit/(loss) on Ordinary Activities at the standard UK rate of tax (30%)	58	(14)
Effects of:		
Tax losses not utilised	-	5
Tax losses utilised	(5)	-
Capital allowances for the year in excess of depreciation and other timing differences	(18)	9
Deferred tax	4	-
	<hr/>	<hr/>
Current tax charge for the year	39	-
	<hr/>	<hr/>

There are no factors that will significantly alter the tax charge in future years.

8. DIVIDENDS

	Year to <u>31.3.02</u> £000's	Period from 29.06.00 to <u>31.3.01</u> £000's
Dividends payable - 'B' shares	38	-
	<hr/>	<hr/>

Dividends are payable on the 'B' shares as a percentage of profits as detailed in note 14 to the financial statements.

MORRISON PROPERTY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £000's	Plant & Machinery £000's	Total £000's
Cost			
At 1 April 2001	-	-	-
Additions	76	223	299
At 31 March 2002	<u>76</u>	<u>223</u>	<u>299</u>
Accumulated depreciation			
At 1 April 2001	-	-	-
Charge for the year	6	4	10
At 31 March 2002	<u>6</u>	<u>4</u>	<u>10</u>
Net Book Amount AT 31 March 2002	70	219	289
At 31 March 2001	<u>-</u>	<u>-</u>	<u>-</u>

10. STOCKS AND WORK IN PROGRESS

	<u>31.3.02</u> £000's	<u>31.3.01</u> £000's
Raw materials and consumables	325	426
Work-in-progress	2,011	1,111
	<u>2,336</u>	<u>1,537</u>

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

11. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31.3.02</u> £000's	<u>31.3.01</u> £000's
Trade debtors	2,687	2,430

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31.3.02</u>	<u>31.3.01</u>
	£000's	£000's
Trade creditors	4,165	3,153
Loans owed to group companies	5	1,005
Amounts owed to group companies	1,061	128
Corporation tax	35	-
Other taxation and social security	1,137	837
Accruals and deferred income	1,547	2,094
Dividends payable	38	-
	<hr/>	<hr/>
	7,988	7,217
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>31.3.02</u>	<u>31.3.01</u>
	£000's	£000's
Contract and other provisions	389	-
Deferred taxation	4	-
	<hr/>	<hr/>
	393	-
	<hr/>	<hr/>

Contract and other provisions

The contract and other provisions relate to potential warranty costs and other costs which are expected to crystallise over a period of approximately 1-2 years.

	£000's
Deferred Taxation	-
At 1 April 2001	-
Deferred tax charged to the profit and loss account	4
	<hr/>
At 31 March 2002	4
	<hr/>

The deferred tax liability at 31 March 2002 is analysed as follow:

	<u>31.3.02</u>	<u>31.3.01</u>
	£000's	£000's
Accelerated capital allowances	14	-
Other timing differences	(10)	-
	<hr/>	<hr/>
	4	-
	<hr/>	<hr/>

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

14. CALLED-UP SHARE CAPITAL

	<u>31.3.02</u>	<u>31.3.01</u>
	£	£
Authorised		
667 'A' Ordinary shares of £1 each	667	667
333 'B' Ordinary shares of £1 each	333	333
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
Allotted and fully paid		
667 'A' Ordinary shares of £1 each	667	667
333 'B' Ordinary shares of £1 each	333	333
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

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 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 Morrison Property Care Limited. For the year ended 31 March 2002 the cost efficiency rebate is 0%.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>31.3.02</u>	<u>31.3.01</u>
	£000's	£000's
Profit/(loss) for the financial year	154	(49)
Dividends payable	(38)	-
Issue of share capital	-	1
Opening shareholders' (deficit)	(48)	-
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	68	(48)
	<hr/>	<hr/>

16. 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, over 99% of the company's turnover and trade debtors at 31 March 2002 related to services provided to NLC. The company leases property and vehicles from NLC over the term of the service contract at a notional annual rental of £2. The 'B' ordinary shares carry rights to a special dividend as disclosed in notes 8 and 14 to the financial statements.

MORRISON PROPERTY CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

17. HOLDING COMPANY

The company's immediate holding company is Morrison Government Services Limited, a company registered in Scotland.

The company's ultimate holding company is awg plc, a company registered in England. awg plc heads up the smallest and largest group for which consolidated financial statements are prepared. Copies of the awg plc accounts can be obtained from the Company Secretary, awg plc, Anglian House, Ambury Road, Huntingdon, PE29 3NZ.