

**Company Registration Number 3688689**

**MACLELLAN INTERNATIONAL LIMITED**

**Report and Financial Statements**

**31 December 2009**

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# **MACLELLAN INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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## **MACLELLAN INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company's principal activity is the business of providing facilities management services to the commercial, retail and industrial market sectors. Offerings include rolling office cleaning contracts, retail store cleaning, shopping centre management and out of town retail park management, PFI buildings maintenance and various facilities management services to traditional automotive and industrial clients

### **RESULTS AND DIVIDENDS**

The results for the year ended 31 December 2009 are set out in the financial statements on pages 7 to 18. Turnover decreased by 26% from £137.7m to £102.5m in 2009 largely due to the continued integration of MacLellan into the Interserve group, new contracts are being tendered as Interserve (Facilities Management) Limited, a fellow subsidiary company.

The year shows an operating profit of £0.7m (2008: £3.6m). Reasons for the decrease are as follows:

- A reduction in turnover as noted above, and
- In 2009 an increased management charge was payable to a fellow subsidiary company of £1.7m (2008: £1.2m)

No dividends were received during the year from a subsidiary company (2008: £0.6m)

Dividends of £0.5m were paid during the year (2008: £3.2m)

Financial performance is assessed through the key measures of turnover and operating profit, as mentioned above and reported in the profit and loss statement on page 6.

There were no other major changes in the business or development of new markets. No significant post balance sheet events have been noted.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Due to the current economic conditions there are inherent and future uncertainties that may impact the business. As explained in note 1, the directors have concluded that the company has adequate resources to continue in existence for the foreseeable future, and for this reason continue to adopt the going concern basis in preparing the accounts. The directors also note the continued integration of the MacLellan business into the Interserve group, and the impact this is expected to have on future levels of trade. The directors have concluded that this integration will not affect the ability of the company to continue in existence for the foreseeable future.

Loss of key customers is a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

## **MACLELLAN INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **FINANCIAL RISK MANAGEMENT**

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

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms along with the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Interserve plc financing arrangements.

##### **Inflation risk**

A proportion of the company's revenue and most of its costs are linked to inflation, resulting in the projects being relatively insensitive to inflationary risk.

##### **Liquidity risk**

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

##### **Credit risk**

The company receives much of its revenue from government departments and large commercial and retail organisations and therefore is not exposed to significant credit risk. Appropriate credit management policies are in place to mitigate risk deriving from business with the private sector.

##### **Finance and Foreign Exchange risk**

The ultimate parent company manages both interest rate risk and exchange rate risk through the group treasury department using various methods including swaps and hedges and these are disclosed in the group accounts.

Group risks are discussed in the group's annual report which does not form part of these financial statements.

#### **DIRECTORS**

The directors who served during the year were as follows:

S T Ashdown  
D M Clitheroe (resigned 31 July 2009)  
M Graveney  
B A Melizan

#### **EMPLOYEES**

The company has no employees. The services of operatives and administrative personnel are provided by a fellow subsidiary company.

**MACLELLAN INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (continued)**

**PAYMENT TERMS**

It is the company's policy to make payments to suppliers in accordance with agreed terms and conditions. The company's year end trade creditors correspond to 20 days (2008 71 days) of credit purchases.

**AUDITORS**


Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



**S Pound**  
Secretary

## **MACLELLAN INTERNATIONAL LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACLELLAN INTERNATIONAL LIMITED**

We have audited the financial statements of MacLellan International Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or



**Stephen Griggs (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

25 May 2010

**MACLELLAN INTERNATIONAL LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December**

	Note	2009 £'000	2008 £'000
<b>TURNOVER</b>	2	102,459	137,669
Cost of sales		(97,606)	(130,938)
<b>GROSS PROFIT</b>		4,853	6,731
Administrative expenses		(4,131)	(3,102)
<b>OPERATING PROFIT</b>	3	722	3,629
Interest payable and similar charges	5	-	(18)
Income from fixed asset investments		-	583
Interest receivable and similar income		93	19
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		815	4,213
Tax on profit on ordinary activities	6	(621)	(1,526)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		194	2,687

All results derive from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December**

	2009 £'000	2008 £'000
Profit on ordinary activities after taxation	194	2,687
Gain on translation of foreign currency operations	1	310
<b>Total recognised gains for the year</b>	195	2,997

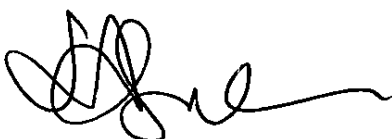


**MACLELLAN INTERNATIONAL LIMITED**

**BALANCE SHEET**  
**At 31 December**

	Note	2009		2008	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	7		-		19,421
Tangible assets	8		226		484
Investments	9		-		-
			<u>226</u>		<u>19,905</u>
<b>CURRENT ASSETS</b>					
Stocks	10	115		178	
Debtors	11	84,895		64,222	
Cash at bank and in hand		5,248		12,908	
		<u>90,258</u>		<u>77,308</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	(87,474)		(93,731)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			2,784		(16,423)
<b>PROVISIONS FOR LIABILITIES</b>	14		(1,910)		(2,077)
<b>NET ASSETS</b>			<u>1,100</u>		<u>1,405</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	15		600		600
Profit and loss account	16		500		805
<b>SHAREHOLDERS' FUNDS</b>	17		<u>1,100</u>		<u>1,405</u>

The financial statements of MacLellan International Limited, registered number 3688689, were approved by the board of directors and authorised for issue on **20th MAY 2010**.



**S T Ashdown**  
Director

## **MACLELLAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2009**

#### **1 ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

##### **Going concern**

Due to the current economic conditions there are inherent future uncertainties that may impact the business. As a result of this the directors have made enquiries and have concluded that the company has adequate resources to continue in existence for the foreseeable future. The continued integration of the business with the Interserve group has also been considered in continuing to adopt the going concern basis in preparing the accounts.

##### **Consolidation**

The company has taken advantage of the exemption available under Section 400 of Companies Act 2006 from the obligation to prepare group accounts. Group accounts are prepared by the company's ultimate parent company, Interserve plc. Accordingly these accounts present information about the company as an individual entity and not as a group.

##### **Turnover**

Turnover represents sales to customers, excluding value added tax, and arises from the principal activities of the company. Turnover is recognised on completion of the contracted services.

##### **Intangible fixed assets**

Goodwill arising on acquisitions completed subsequent to 27 September 1998 is capitalised and amortised over 20 years being the period over which the directors estimate that the value of the businesses acquired are expected to exceed the value of the underlying assets.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less the estimated residual value (based on prices prevailing at the date of acquisition) of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold land and buildings	over the lease period
Plant, equipment and office furniture	3 to 5 years
Motor vehicles	3 years

##### **Fixed asset investments**

Investments are held at cost unless, in the opinion of the directors, any diminution in value is believed to be permanent.

##### **Stocks**

Stocks, which comprise materials held for use on contracts, are stated at the lower of cost and net realisable value.

## **MACLELLAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2009**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Tax**

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

In accordance with Financial Reporting Standard 19 'Deferred Tax', deferred tax is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Leases**

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.

##### **Share-based payments**

The ultimate parent, Interserve plc, issues equity-settled share-based payments to certain employees of the group. The fair value determined at the grant date is expensed by the group on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest. Fair value is measured by use of an appropriate valuation model (Black-Scholes or Stochastic depending on the characteristics of the individual grants). Further details can be found in note 32 of the 2009 Interserve plc financial statements.

Interserve plc recharges to the company the fair value of grants made to employees of the company.

The company has applied the accounting requirements of FRS 20 'Share-based Payment'. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were not fully vested as of 1 January 2008.

##### **Provisions**

In accordance with Financial Reporting Standard 12 'Provisions, Contingent Liabilities and Contingent Assets', provision is made for contracts and expected dilapidation costs on properties.

##### **Foreign exchange**

The trading results of overseas subsidiary undertakings are translated into sterling at average rates of exchange ruling through the relevant period. The net assets of overseas subsidiary undertakings are expressed in sterling at the rates of exchange ruling at the balance sheet date. Differences on exchange arising from the opening net assets of overseas subsidiary undertakings are taken to reserves. Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are dealt with in the profit and loss.

## MACLELLAN INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

#### 2. SEGMENTAL ANALYSIS

Turnover arises from the company's principal activity which is supplied to the following markets

Geographical market analysis by origin and destination	2009 £'000	2008 £'000
United Kingdom	99,541	133,602
Rest of Europe	2,948	4,067
	<u>102,459</u>	<u>137,669</u>

#### 3. OPERATING PROFIT

Operating profit is stated after charging	2009 £'000	2008 £'000
Depreciation		
- owned assets	292	767
- assets under finance leases	-	114
Operating lease rentals		
- land and buildings	284	168
- plant and machinery	368	523
- other	965	1,523
Loss on disposal of tangible fixed assets	-	27
Amortisation of intangible fixed assets - goodwill	1,061	1,415
Fees payable to the company's auditors - audit of the company's accounts	50	48

#### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees (2008 nil). Since July 2004 the services of operatives on contracts has been provided by a fellow subsidiary company with associated costs being recharged to the company. Accordingly the average number of persons employed by the company (including directors) during the year was nil (2008 nil) and staff costs incurred during the year (including directors) was nil (2008 nil).

During the year Mr Clitheroe was remunerated for his service to the group by Maclellan Management Services Limited and Messrs Ashdown, Graveney and Melizan by Interserve<sup>fm</sup> Ltd, it is not practicable to allocate their remuneration between the companies of which they are directors. The number of directors who were members of a defined benefit pension scheme is nil (2008 nil directors).

**MACLELLAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

<b>5. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Finance leases and hire purchase agreements	-	18
	<hr/>	<hr/>
<b>6. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
The taxation charge is made up as follows		
<b>Current tax</b>		
UK corporation tax at 28% (2008 28.5%)	390	1,273
Adjustment in respect of prior years	71	19
Overseas tax	60	92
	<hr/>	<hr/>
Total current tax	521	1,384
<b>Deferred tax</b>		
Current year - origination and timing differences	119	115
Adjustment in respect of prior years	(19)	27
	<hr/>	<hr/>
Total deferred tax	100	142
	<hr/>	<hr/>
<b>Total tax charge</b>	<b>621</b>	<b>1,526</b>
	<hr/>	<hr/>
The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28% (2008 weighted average rate of 28.5%). The current tax charge for the year is more than 28% (2008 28.5%) for the reasons set out in the following reconciliation		
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before taxation	815	4,213
	<hr/>	<hr/>
	<b>£'000</b>	<b>£'000</b>
Taxation on profit on ordinary activities at 28% (2008 28.5%)	229	1,201
Factors affecting the charge		
Disallowable expenses	340	321
Differences between capital allowances and depreciation	(70)	(105)
Other short-term timing differences	(49)	(52)
Adjustments in respect of prior years	71	19
	<hr/>	<hr/>
<b>Current tax charge</b>	<b>521</b>	<b>1,384</b>
	<hr/>	<hr/>



# MACLELLAN INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

### 7. INTANGIBLE FIXED ASSETS

	Goodwill £'000
<b>Cost</b>	
At 1 January 2009	28,430
Disposals	(28,430)
At 31 December 2009	-
<b>Amortisation</b>	
At 1 January 2009	9,009
Charge for the year	1,061
Disposals	(10,070)
At 31 December 2009	-
<b>Net book value</b>	
At 31 December 2009	-
At 31 December 2008	19,421

All contracts relating to the goodwill in MacLellan International Limited are now held by Interserve (Facilities Management) Limited therefore goodwill was sold to Interserve Facilities Management on 1 October 2009

### 8. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £'000	Plant, equipment and office furniture £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2009	1	4,782	13	4,796
Additions	-	40	-	40
Disposals	-	(1,000)	-	(1,000)
At 31 December 2009	1	3,822	13	3,836
<b>Depreciation</b>				
At 1 January 2009	1	4,298	13	4,312
Charge for the year	-	292	-	292
Disposals	-	(994)	-	(994)
At 31 December 2009	1	3,596	13	3,610
<b>Net book value</b>				
At 31 December 2009	-	226	-	226
At 31 December 2008	-	484	-	484





# MACLELLAN INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

### 9. FIXED ASSET INVESTMENTS

	Subsidiary undertakings and loans £'000	Other investments £'000	Total £'000
<b>Cost</b>			
At 1 January and 31 December 2009	529	11	540
<b>Provision for impairment</b>			
At 1 January and 31 December 2009	(529)	(11)	(540)
<b>Net book value</b>			
At 31 December 2009 and 2008	-	-	-

The company owns directly or indirectly 100% of the voting and equity share capital of the following companies, all of which are incorporated in Great Britain and registered in England and Wales

	Nature of business
MacLellan Limited	Facilities management services
MacLellan International Airport Services Limited	Airport support services
Excellence Support Services Limited	Dormant
One Real Estate Services Limited*	Dormant
Two Flags Connect Business Services Limited*	Dormant

\* held through subsidiary undertakings

No consolidated financial statements have been prepared as the company is a wholly owned subsidiary of a company incorporated in the United Kingdom accordingly these financial statements provide information about the individual company and not about its group

10. STOCKS	2009 £'000	2008 £'000
Raw materials and consumables	115	178

**MACLELLAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

<b>11</b>	<b>DEBTORS</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	<b>Amounts due within one year</b>		
	Trade debtors	7,255	13,216
	Amounts owed by group undertakings	74,955	45,704
	Prepayments and accrued income	1,961	4,500
	Corporation tax	22	-
		<u>84,193</u>	<u>63,420</u>
	<b>Amounts due after more than one year</b>		
	Deferred tax asset (note 13)	702	802
		<u>84,895</u>	<u>64,222</u>
<b>12.</b>	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	Trade creditors	640	3,136
	Amounts owed to group undertakings	80,050	81,525
	Corporation tax payable	-	723
	Other taxation and social security	458	1,480
	Accruals and deferred income	6,325	6,867
		<u>87,474</u>	<u>93,731</u>
<b>13.</b>	<b>DEFERRED TAXATION</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	Balance at beginning of the year	802	944
	Net charge to the profit and loss account	(100)	(142)
	<b>Balance at end of the year</b>	<u>702</u>	<u>802</u>
	<b>The deferred tax asset consists of the following amounts</b>	<b>£'000</b>	<b>£'000</b>
	Accelerated capital allowances	557	594
	Short-term timing differences expected to reverse in the following period	145	208
		<u>702</u>	<u>802</u>

A deferred tax asset is not recognised in respect of timing differences where the company does not anticipate that they will be realised in the foreseeable future



**MACLELLAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**14. PROVISIONS FOR LIABILITIES**

	<b>Fair value £'000</b>	<b>Property £'000</b>	<b>Insurance £'000</b>	<b>Total £'000</b>
At 1 January 2009	689	637	751	2,077
Profit and loss account	-	-	234	234
Utilisation of provision	(172)	(229)	-	(401)
<b>At 31 December 2009</b>	<b>517</b>	<b>408</b>	<b>985</b>	<b>1,910</b>

The fair value provision was established on acquisition of the company by Interserve Group and is expected to be utilised over the next three years. The property provision relates to dilapidation and onerous lease costs in respect of leased properties, and is expected to be utilised within the next year. The insurance provision represents management's best estimate of the company's liability under public liability insurance claims, based on past experience and expected future claims.

**15. SHARE CAPITAL**

	<b>2009 £'000</b>	<b>2008 £'000</b>
<b>Allotted, called up and fully paid</b>		
600,000 Ordinary shares of £1 each	600	600

**16. MOVEMENTS ON RESERVES**

	<b>£'000</b>
<b>Profit and loss account</b>	
At 1 January 2009	805
Profit on ordinary activities after taxation	194
Dividends	(500)
Gain on translation of foreign currency operations	1
<b>At 31 December 2009</b>	<b>500</b>

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2009 £'000</b>	<b>2008 £'000</b>
Profit on ordinary activities after taxation	194	2,687
Dividends	(500)	(3,192)
Currency adjustment	1	310
Net reduction to shareholders' funds	(305)	(195)
Opening shareholders' funds	1,405	1,600
<b>Closing shareholders' funds</b>	<b>1,100</b>	<b>1,405</b>



## MACLELLAN INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

#### 18. FINANCIAL COMMITMENTS

##### Operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings £'000	Other £'000
Expiry date		
- within one year	156	136
- within two to five years	47	154
- after five years	96	-
	<u>299</u>	<u>290</u>

#### 19. CONTINGENT LIABILITIES

The company has provided cross-guarantees in respect of bank overdrafts and other liabilities for fellow group companies amounting in aggregate to nil (2008 £178,408,000)

#### 20. PENSION ARRANGEMENTS

The MacLellan Group 2000 Retirement Benefits Scheme, set up in July 2000, is a funded final salary (defined benefit) scheme and offers guaranteed pension benefits based upon salary and service, and broadly matches the Principle Civil Service Pension Scheme. The scheme is offered only to persons who are entitled by legislation to receive benefits on this basis.

For the purposes of Financial Reporting Standard 17 'Retirement Benefits', the company has been unable to identify its share of the underlying assets and liabilities in the group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the Scheme as if it were a defined contribution scheme. The Financial Reporting Standard 17 'Retirement Benefits' net pension deficit of £80,000 (2008 £25,000) is disclosed in the financial statements for MacLellan Management Services Limited, a subsidiary company that provides all operative and administrator payroll services to the MacLellan trading companies.

#### 21. CASH FLOW STATEMENT

As a wholly owned subsidiary of a UK registered company, MacLellan International Limited has taken advantage of the exemption under Financial Reporting Standard 1 "Cash Flow Statements" from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Interserve plc group financial statements.

## **MACLELLAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2009**

#### **22. RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary of Interserve plc and has accordingly taken advantage of the exemption available under Financial Reporting Standard 8 'Related Party Disclosures' from disclosing transactions with group entities

#### **23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's ultimate parent undertaking and controlling party is Interserve plc, a company registered in England and Wales. Copies of the financial statements of Interserve plc, the largest and smallest group in which the results of the company are included, can be obtained from the Company Secretary, Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU