

**Company Registration No. 02279581**

**MacLellan Group Limited  
(formerly Interserve Specialist Services  
(Holdings) Ltd)**

**Annual report and Financial Statements**

**31 December 2007**

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**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Annual report and financial statements 2007**

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**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Annual report and financial statements 2007**

**Officers and professional advisers**

**Directors**

T C Jones  
A M Ringrose

**Secretary**

T Bradbury

**Registered office**

Interserve House  
Ruscombe Park  
Twyford  
Reading  
Berkshire  
RG10 9JU

**Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **MacLellan Group Limited** **(formerly Interserve Specialist Services (Holdings) Ltd)**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### **Principal activity**

The Company is a wholly owned-subsiary of Interserve Plc. The principal activity of the Company is that of an investment holding company. The principal subsidiary undertakings affecting the profits or net assets of the Company in the year are listed in note 10 to the financial statements.

There has been no significant change in the Company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely significant changes in the Company's activities in the next financial year.

The Company changed its name to MacLellan Group Limited on 5 March 2007.

The directors consider that the Company's key performance indicator is profit before taxation. The Company profit on ordinary activities before taxation was £12,685,000 (2006: loss of £5,339,000). The directors do not recommend payment of a final dividend (2006: £nil).

### **Principal risks and uncertainties**

The Company has exposure to a variety of risks which are managed with the purpose of minimising any potential adverse effect on the Company's performance and net assets. The directors have policies for managing each of these risks and they are summarised below.

A principal risk that the Company faces is that the carrying values of its investments decline. The directors review comprehensive monthly trading reports of the Company's operating subsidiaries, with a comparison against budget or forecast.

As stated in note 17 to the financial statements, the Company has given guarantees covering bank overdrafts to its fellow subsidiaries.

The directors are satisfied that, given the nature of this Company, there are no other principal risks and uncertainties to consider.

Group risks are discussed in the Annual report and financial statements of Interserve Plc for the year ended 31 December 2007, which does not form part of this Report of the Directors.

**MacLellan Group Limited  
(formerly Interserve Specialist Services (Holdings) Ltd)**

**Directors' report (continued)**

**Directors and their interests**

The following have been directors throughout the year

T C Jones  
A M Ringrose

None of the directors has, or has had, a material interest, directly or indirectly, at any time during the year under review in any contract significant to the Company's business

**Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

**Going concern basis**

After making enquiries, the directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements

**Statement on information to auditors**

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

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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



T Bradbury  
Secretary

**23 May** 2008

# **MacLellan Group Limited** **(formerly Interserve Specialist Services (Holdings) Ltd)**

## **Statement of 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 these 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, 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 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 the system of internal control, 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 Group Limited formerly Interserve Specialist Services (Holdings) Ltd)**

We have audited the financial statements of MacLellan Group Limited (formerly MacLellan Group plc) for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the Annual Report and 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).

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 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.

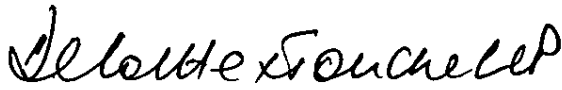
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**Independent auditors' report to the members of  
MacLellan Group Limited  
(formerly Interserve Specialist Services (Holdings) Ltd)  
(continued)**

**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 December 2007 and of its profit 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



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

*22 May* 2008



**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Profit and loss account**  
**Year ended 31 December 2007**

	Notes	2007 £'000	2006 £'000
Other income		90	287
Administrative income/(expenses)	2	78	(887)
<b>Operating profit/(loss)</b>	2	168	(600)
Income from shares in group undertakings	3	12,526	-
Exceptional items	4	-	(4,254)
Interest receivable	5	3	221
Interest payable and similar charges	6	(12)	(706)
<b>Profit/(loss) on ordinary activities before taxation</b>		12,685	(5,339)
Tax (charge)/ credit on profit/(loss) on ordinary activities	7	(412)	966
<b>Profit/(loss) on ordinary activities after taxation</b>		12,273	(4,373)

All activities are derived from continuing operations

A statement of total recognised gains and losses is not presented as there have been no recognised gains or losses other than the profit for the year and loss for the preceding year set out above

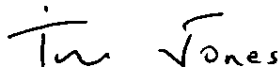
**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Balance sheet**  
**31 December 2007**

	Notes	2007 £'000	2006 £'000
<b>Fixed assets</b>	9	1,351	1,272
<b>Investments</b>	10	26,367	40,163
<b>Debtors: Due after one year</b>	11	116,192	-
		<u>143,910</u>	<u>41,435</u>
<b>Current assets</b>			
Debtors Due within one year	11	1,085	72,776
Cash at bank and in hand		5,004	2,997
		<u>6,089</u>	<u>75,773</u>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	12	(85,511)	(59,905)
Provisions amounts falling due within than one year	13	(254)	(3,000)
		<u>(85,765)</u>	<u>(62,905)</u>
<b>Net current liabilities</b>		<u>(79,676)</u>	<u>12,868</u>
<b>Provisions, amounts falling due after more than one year</b>	13	-	(1,741)
<b>Net assets</b>		<u>64,234</u>	<u>52,562</u>
<b>Capital and reserves</b>			
Called up share capital	14	5,494	5,490
Share premium account	15	48,917	48,879
Profit and loss account	15	9,823	(1,807)
<b>Shareholders' funds</b>	16	<u>64,234</u>	<u>52,562</u>

These financial statements were approved by the Board of Directors on **23 May** 2008

Signed on behalf of the Board of Directors



T C Jones  
Director

# **MacLellan Group Limited** **(formerly Interserve Specialist Services (Holdings) Ltd)**

## **Notes to the accounts** **Year ended 31 December 2007**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been consistently applied in the current and prior year.

In accordance with the provisions of Section 228 of the Companies Act 1985, the Company is exempt from the obligation to prepare and deliver group accounts as the Company is included in the audited consolidated accounts of its ultimate parent undertaking, Interserve Plc, which is registered in England and Wales. Accordingly these financial statements present information about the Company as an individual undertaking and not as a group.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Fixed Assets**

Tangible fixed assets are carried at cost less any accumulated depreciation and any impairment losses. Depreciation is provided on a straight line basis at rates ranging between:

Freehold land	Nil
Freehold property	2%
Leasehold property	10%
Furniture and office equipment	10%
Computer hardware	33.3%

#### **Investments and investment income**

Investments are stated at cost less provision for any impairment in value. Investment income represents dividend income from subsidiary undertakings.

#### **Taxation**

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future 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 is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries or associates where there is no commitment to remit these earnings. 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.

### **2. Operating profit/(loss)**

The audit fee of £1,000 (2006: £1,000) for the current and preceding year was borne by the ultimate parent Company.

There are no employees other than the directors (2006: none). None of the directors received any remuneration for their services to the Company during the year (2006: £nil).

During 2007, the Company wrote off a number of loans to its subsidiaries. These losses, amounting to £1.4m, are shown in administrative expenses. During 2007, the Company wrote back £1.5m in relation to deferred consideration (note 13).

**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**3. Income from shares in group undertakings**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Dividends from subsidiary undertakings	12,526	-

**4. Exceptional items**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Other	-	(4,254)

The exceptional items in 2006 relate to the re-organisation and settlement cost incurred as a result of the acquisition of the Company by Interserve Plc

**5. Interest receivable and similar charges**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Other	3	221

**6. Interest payable and similar charges**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Borrowings	(12)	(704)
Loan notes	-	(2)
	(12)	(706)

**7. Tax charge/(credit) on profit/(loss) on ordinary activities**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
UK corporation tax at 30% (2006 30%)		
Charge/(credit) on results for the year	412	(966)

**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**7. Tax charge/(credit) on profit/(loss) on ordinary activities (continued)**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Profit/(loss) on ordinary activities before tax	12,685	(5,339)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 30% (2006 30%)	3,806	(1,602)
Disallowable items	(451)	636
Dividend income not taxable	(3,007)	-
Other timing differences	64	-
Current tax charge/(credit) for the period	412	(966)

**8. Dividends paid**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Amounts paid to parent company	643	-

**9. Fixed assets**

	<b>Land and buildings</b> <b>£'000</b>	<b>Other</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>Cost:</b>			
At 1 January 2007	1,379	7	1,386
Additions	107	-	107
At 31 December 2007	1,486	7	1,493
<b>Depreciation:</b>			
At 1 January 2007	109	5	114
Charge for the year	27	1	28
At 31 December 2007	136	6	142
<b>Net book value</b>			
At 31 December 2007	1,350	1	1,351
At 31 December 2006	1,270	2	1,272

**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**10. Investments**

	<b>£'000</b>
<b>Investments in subsidiary undertakings</b>	
<i>Cost</i>	
At 1 January 2007	59,921
Transferred to other group companies at cost	(12,190)
Additions	25
Impairment of loans	(1,632)
	<hr/>
At 31 December 2007	46,124
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<i>Provisions</i>	
At 1 January 2007	(19,870)
Decrease in provision	1
	<hr/>
At 31 December 2007	(19,869)
	<hr/>
<i>Net book value</i>	
At 31 December 2007	26,255
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At 31 December 2006	40,051
	<hr/>
<b>Other investments at cost</b>	
At 1 January and 31 December 2007	112
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<b>Total investments – net book value</b>	
At 31 December 2007	26,367
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At 31 December 2006	40,163
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**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**10. Investments (continued)**

The principal subsidiary undertakings are set out below. None of the shares held relates to a listed investment. The subsidiary undertakings are wholly-owned and incorporated in Great Britain. Shareholdings in companies marked \* are indirectly held.

<b>Name of subsidiary</b>	<b>Principal activity</b>
First Security (Guards) Limited*	Provision of security manpower and associated support services
Interserve Engineering Services Limited*	Design, installation and commissioning of mechanical, electrical and engineering services
Interserve Environmental Services Limited*	Asbestos surveying and removal
Interserve Specialist Services (Holdings) Limited	Investment holding company
Interserve Technical Services Limited*	Provision of mechanical, electrical, boiler, lift, fabric and air conditioning installation and maintenance
Interserve Security Limited (previously MacLellan Attlaw Security Limited)*	Provision of security personnel into the retail, transport and leisure markets
MacLellan Limited*	Facilities management services
MacLellan International Limited	Facilities management services
MacLellan International Airport Services Limited*	Support services at London's major international airports
MacLellan Management Services Limited	Provision of operational and administrative personnel and management services
Ramoneur Cleaning and Support Services Limited	Property management
SSD UK Limited*	Provision of window cleaning and specialist services
TASS (Europe) Limited*	Installation and testing of safety equipment

On 1 March 2007, MacLellan Group Limited acquired the entire issued share capital of Interserve Specialist Services (Holdings) Limited from a fellow subsidiary of Interserve Plc.

On 1 March 2007, the trade and assets of the Interserve Technical Services Limited were acquired by Interserve Specialist Services (Holdings) Limited from a fellow subsidiary of Interserve Plc. On 1 April 2007, the trade and assets of the Interserve Engineering Services Limited were acquired by Interserve Specialist Services (Holdings) Limited from a fellow subsidiary of Interserve Plc.

On 1 April 2007, Interserve Environmental Services Limited, was transferred to Interserve Specialist Services (Holdings) Limited, from a fellow subsidiary of Interserve Plc.

On 1 May 2007, TASS (Europe) Limited and Interserve Security Ltd (previously MacLellan Attlaw Security Ltd) were transferred at net book value to Interserve Specialist Services (Holdings) Limited.

The SSD Group Limited was liquidated during the year ended 31 December 2007 resulting in a reserves distribution to the Company of £2.5m. This is shown as other income in the profit and loss account.

In the opinion of the directors the aggregate value of the shares in and amounts owing from the Company's subsidiary undertakings is not less than the total amount at which they are stated in the balance sheet.

"Other investments at cost" comprises a 15% holding in JSMS Group Ltd, an unquoted company.

**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**11. Debtors**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	10	-
Amounts owed by Group undertakings	-	69,434
Other debtors	222	274
Corporation tax	853	3,028
Deferred tax	-	28
Prepayments and accrued income	-	12
	<u>1,085</u>	<u>72,776</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by Group undertakings	116,164	-
Deferred tax	28	-
	<u>116,192</u>	<u>-</u>

**12 Creditors: amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Loan notes	-	35
Trade creditors	61	63
Amounts owed to Group undertakings	85,421	59,545
Other creditors	29	-
Accruals and deferred income	-	262
	<u>85,511</u>	<u>59,905</u>



**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**13. Provisions**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred consideration</b>		
At 1 January	3,000	4,250
Payments during the year	(1,246)	-
Reassessment of consideration payable	(1,500)	(1,250)
	<u>254</u>	<u>3,000</u>
<b>Other</b>		
At 1 January	1,741	-
Provision in the year	114	1,741
Written back during the year	(1,855)	-
	<u>-</u>	<u>1,741</u>
<b>Total</b>		
At 31 December	<u>254</u>	<u>4,741</u>
	<u>254</u>	<u>3,000</u>
Amounts due within one year	254	3,000
Amounts due in more than one year	-	1,741
	<u>254</u>	<u>4,741</u>

**14. Called up share capital**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised:</b>		
140,000,000 ordinary shares of 5 pence each (2006 140,000,000 ordinary shares of 5 pence)	<u>7,000</u>	<u>7,000</u>
<b>Called up and allotted:</b>		
109,875,188 ordinary shares of 5 pence each (2006 109,875,188 ordinary shares of 5 pence)	<u>5,494</u>	<u>5,490</u>

During the year, the Company received from Interserve Plc £42,000 in relation to shares issued, but unpaid, in prior years. At 31 December 2007, the called up and allotted share capital is fully paid.

**MacLellan Group Limited**  
**(formerly Interserve Specialist Services (Holdings) Ltd)**

**Notes to the accounts**  
**Year ended 31 December 2007**

**15. Reserves**

	<b>Called Up Share Capital £'000</b>	<b>Share Premium £'000</b>	<b>Profit and Loss £'000</b>	<b>Total £'000</b>
1 January 2007	5,490	48,879	(1,807)	52,562
Profit for the financial year	-	-	12,273	12,273
Increase in share capital relating to previously issued shares	4	38	-	42
Dividend paid	-	-	(643)	(643)
31 December 2007	<u>5,494</u>	<u>48,917</u>	<u>9,823</u>	<u>64,234</u>

**16. Reconciliation of movement in shareholders' funds**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Profit/(loss) for the financial year attributable to the members of MacLellan Group Limited	12,273	(4,373)
Increase in share capital relating to previously issued shares	4	-
Increase in share premium relating to previously issued shares	38	-
Dividend paid	(643)	-
Net addition to shareholders' funds	<u>11,672</u>	<u>(4,373)</u>
Opening shareholders' funds	<u>52,562</u>	<u>56,935</u>
Closing shareholders' funds	<u>64,234</u>	<u>52,562</u>

**17. Contingent liabilities**

The Company has given guarantees in the ordinary course of business. The Company has given guarantees covering bank overdrafts to its fellow subsidiary undertakings. At 31 December 2007 these amounted to £163,000,000 (2006 £142,997,000). In addition, the bank and insurance guarantees have been given to customers amounting to £2,035,000 (2006 £2,095,000).

**18. Ultimate parent undertaking and related party transactions**

On 10 December 2007, the entire share capital of the company was transferred by Interserve Plc to Interserve Group Holdings Limited, a company registered in England and Wales. The Company's immediate parent company is therefore Interserve Group Holdings Limited. The Company's ultimate parent company and controlling party, and parent company of the largest and smallest group which includes the Company and for which group financial statements are prepared, is Interserve Plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements of Interserve Plc are available from Companies House, Crown Way, Maundy, Cardiff CF14 3UZ.

The Company has taken advantage of the exemption contained in FRS 8 "Related Party Disclosures" not to report transactions with other Group Companies.