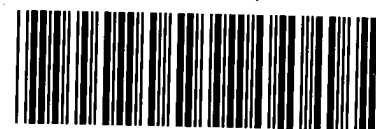


Company No. SC208636

Mears Scotland (Services) Limited
Financial statements
For the year ended 31 December 2014

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COMPANIES HOUSE

Company information

Company registration number	SC208636
Registered office	Morrison House Ellismuir Way Tannochside Business Park Uddingston Glasgow G71 5QA
Directors	William Docherty David Miles Andrew Smith
Secretary	Ben Westran
Bankers	Barclays Bank PLC Corporate Banking 4 th Floor Bridgewater House Counterslip Finzels Reach Bristol BS1 6BX
Solicitors	BPE St James' House St James' Square Cheltenham Gloucestershire GL50 3PR
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Hartwell House 55 - 61 Victoria Street Bristol BS1 6FT

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Strategic Report

Results and dividends

The trading results for the period and the company's financial position at the end of the year are shown in the attached financial statements. The company made a profit for the year of £329,000 (9 months to 31 December 2013: £1,821,000). The Directors have not paid a dividend in the current or prior period.

Business review

On 1 July 2014 the Company changed its name from Morrison Scotland (Services) Limited to Mears Scotland (Services) Limited.

The company reports turnover for the year of £19,858,000 (9 months to 31 December 2013: £14,324,000) and operating profit of £1,090,000 (9 months to 31 December 2013: £1,007,000).

The company has continued to provide staff to Mears Scotland LLP on a cost plus basis. Mears Scotland LLP has a 10 year contract with North Lanarkshire Council which has six years remaining, and it is expected Mears Scotland (Services) Limited will provide staff for the duration of the contract.

Key Performance Indicators (KPIs)

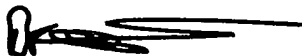
The Directors of Mears Group PLC manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the company is neither necessary or appropriate for an understanding of the development, performance and position of the company. The development, performance and position of the company is included within the Annual Report of Mears Group PLC, the ultimate parent company.

Principal risks and uncertainties

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 and skills shortages. Further discussion of these risks and uncertainties, in the context of the Mears Group as a whole which includes Mears Scotland (Services) Limited, is provided in the Mears Group PLC annual report which does not form part of this report.

This report was approved by the Board on 17 March 2015 and signed on its behalf.



B R Westran
Company Secretary

Report of the Directors

The Directors present their report and the financial statements of the company for the year ended 31 December 2014.

The accounts presented are for the 12 month period to 31 December 2014 with the comparative period reported being the 9 month period to 31 December 2013.

Principal activities

The principal activity of the company during the period continued to be the provision of staff on a cost plus basis to Mears Scotland LLP.

Directors' qualifying third party indemnity provisions

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Directors

The Directors who served the company during the period were as follows:

William Docherty
David Miles
Andrew Smith

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

Going concern

At 31 December 2014 the company had net assets of £3,159,000 (2013: £8,011,000). The Directors are satisfied they will be able to obtain funding from the parent company or other Group companies, if necessary, in order to enable the company to pay its creditors as and when they fall due.

On the basis of their assessment of the company's financial position and of the enquiries made of the Directors of Morrison Facilities Services Limited, the Company's Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis.

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through consultations with employee representatives and a company newsletter. The company has received recognition under the Investors in People scheme and continues to involve its staff in the future development of the business.

Disabled employees

Applications for employment by disabled employees are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Report of the Directors - continued

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors 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 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 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.

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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with s489 of the Companies Act 2006.

This report was approved by the Board on 17 March 2015 and signed on its behalf.



B R Westran
Company Secretary

Report of the independent auditor to the member of Mears Scotland (Services) Limited

We have audited the financial statements of Mears Scotland (Services) Limited for the year ended 31 December 2014 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. 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 member, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's 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 member 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 on page 3 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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.

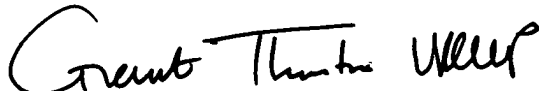
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial period 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.



Mark Bishop

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

18 March 2015

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards. The accounting policies have remained unchanged from the previous year and are set out below.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised on service contracts based upon the percentage completion of work undertaken, with revenue being deferred or accrued as appropriate.

Fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	–	3 – 10 years straight line
Leasehold improvements	–	Straight line over the term of the lease

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only where it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

The cost of defined contribution pension schemes is charged to the profit and loss in the period in which it is incurred. The difference between the contributions payable and contributions actually paid is shown in the balance sheet as an accrual or prepayment.

For defined benefit schemes the difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme liabilities measured on an actuarial basis using the projected unit cost 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 cost is charged against operating profit. The expected return on scheme assets and the increase in the present value of scheme liabilities arising from the passage of time are included in other interest. 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.

Profit and loss account

		12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
	Note		
Turnover	1	19,858	14,324
Cost of sales		(18,381)	(13,317)
Gross profit		1,477	1,007
Administrative expenses		(387)	–
Operating profit	2	1,090	1,007
Net Interest (payable) / receivable	5	(69)	485
Profit on ordinary activities before taxation		1,021	1,492
Tax on profit on ordinary activities	6	(692)	329
Profit for the financial period	15	329	1,821

All of the activities of the company are classed as continuing.

There was no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and prior years, and their historical cost equivalents.

Balance sheet

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Fixed assets	7		–		–
Current assets					
Debtors	8	4,069		212	
Cash at bank and in hand		2		1,047	
		<u>4,071</u>		<u>1,259</u>	
Creditors: amounts falling due within one year	9	<u>(912)</u>		<u>(814)</u>	
Net current assets			<u>3,159</u>		<u>445</u>
Total assets less current liabilities			<u>3,159</u>		<u>445</u>
Creditors: amounts falling due after more than one year	10		–		(4,071)
Net pension asset	12		–		<u>11,637</u>
Net assets			<u><u>3,159</u></u>		<u><u>8,011</u></u>
Capital and reserves					
Share capital	14		1		1
Profit and loss account	15		<u>3,158</u>		<u>8,010</u>
	16		<u><u>3,159</u></u>		<u><u>8,011</u></u>

The financial statements were approved and authorised for issue by the Directors and are signed on their behalf on 17 March 2015.



A C M Smith
 Director

Company Registration number: SC208636

The accompanying accounting policies and notes form part of these financial statements.

Other primary statements

Statement of total recognised gains and losses

		12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
	Note		
Profit for the financial period		329	1,821
Adjustments in respect of defined benefit pension schemes			
Actuarial losses	12	(8,349)	(2,508)
Deferred tax	11	3,168	97
Total recognised gains and losses relating to the period		<u>(4,852)</u>	<u>(590)</u>

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

		12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
	Note		
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit	2	1,090	1,007
Difference between defined pension service charge and cash contributions	12	-	60
(Increase)/decrease in debtors		(27)	7,496
Decrease in creditors		(2,043)	(7,476)
Net cash (outflow)/inflow from operating activities		(980)	1,087
Return on investments and servicing of finance			
Interest paid		(69)	(50)
Tax paid		4	-
(Decrease)/increase in cash		(1,045)	1,037
Reconciliation of movement in cash			
Cash at 1 January / 1 April		1,047	10
Cash at 31 December		2	1,047
Movement in cash		(1,045)	1,037

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. All turnover is derived from within the United Kingdom.

2 Operating profit

The company has no operating profit disclosures except auditors remuneration shown below.

3 Auditor's remuneration

Fees payable to the auditors for the period:

	2014 £'000	2013 £'000
For the audit of the company's financial statements	19	21
Taxation compliance fees	1	–
	<u> </u>	<u> </u>

The audit fees were borne by another group company.

4 Employees

The average number of staff employed by the company, including Directors, during the financial period amounted to:

	2014 No.	2013 No.
Staff	<u>556</u>	<u>524</u>

The aggregate payroll costs of the above were:

	£'000	£'000
Wages and salaries	15,572	10,387
Social security costs	1,127	1,143
Other pension costs	1,753	1,787
	<u>18,452</u>	<u>13,317</u>

Included in the above is remuneration in respect of Directors, as follows:

	£'000	£'000
Emoluments receivable	139	145
Value of company pension contributions to money purchase schemes	10	7
	<u>149</u>	<u>152</u>

Emoluments of highest paid Director:

	£'000	£'000
Total emoluments (excluding pension contributions)	139	145
Value of company pension contributions to money purchase schemes	10	7
	<u>149</u>	<u>152</u>

The number of Directors who accrued benefits under company pension schemes was as follows:

	No.	No.
Money purchase schemes	<u>1</u>	<u>1</u>

Notes to the financial statements - continued

5 Net interest (payable)/receivable

	2014 £'000	2013 £'000
Other interest	(6)	–
Interest payable on loans to fellow Group companies	(63)	(50)
Pension scheme finance income / (expenditure)	–	535
	<u>(69)</u>	<u>485</u>

6 Taxation on ordinary activities

	2014 £'000	2013 £'000
Analysis of charge in the period		
Current tax:		
UK Corporation tax based on the results for the period	219	–
Adjustment in respect of prior periods	187	–
	<u>406</u>	<u>–</u>
Deferred tax		
Origination and reversal of timing differences	286	(409)
Effect of change in tax rates	–	80
	<u>286</u>	<u>(329)</u>
Tax on profit on ordinary activities	<u>692</u>	<u>(329)</u>

Factors affecting tax charge for the period

The tax assessed on the profit on ordinary activities for the period is less than the standard rate of corporation tax in the UK. During the period the average corporation tax rate was 21.5% (2013: 23%).

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>1,021</u>	<u>1,492</u>
Profit on ordinary activities multiplied by standard rate of tax	220	343
Effects of:		
Adjustments in respect of prior years	187	–
Group relief utilised	–	(15)
Utilisation of tax losses	–	(216)
Depreciation for period in excess of capital allowances	(1)	(3)
Permanent differences and other	–	(109)
	<u>406</u>	<u>–</u>

Notes to the financial statements - continued

7 Tangible fixed assets

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January and 31 December 2014	<u>403</u>	<u>580</u>	<u>983</u>
Depreciation			
At 1 January and 31 December 2014	<u>403</u>	<u>580</u>	<u>983</u>
Net book value			
At 31 December 2013 and 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>

8 Debtors

	2014 £'000	2013 £'000
Amounts owed by fellow subsidiary	4,042	-
Other debtors	27	-
Deferred tax	-	212
	<u>4,069</u>	<u>212</u>

The debtors above include the following amounts falling due after more than one year:

Amounts owed by fellow subsidiary	<u>4,042</u>	<u>-</u>
-----------------------------------	--------------	----------

9 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Corporation tax	410	-
Trade creditors	-	288
Social security and other taxes	310	-
Other creditors	192	526
	<u>912</u>	<u>814</u>

10 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Amounts owed to fellow subsidiary	<u>-</u>	<u>4,071</u>

11 Deferred tax

Deferred tax asset:		
	2014 £'000	2013 £'000
At 1 January/April	212	212
Deferred tax credited to the profit or loss account	<u>(212)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>212</u>

Notes to the financial statements – continued

11 Deferred tax - continued

Analysis of deferred tax asset:

	2014 £'000	2013 £'000
Difference between accumulated depreciation and capital allowances	–	14
Losses carried forward	–	198
	<u>–</u>	<u>212</u>

Deferred tax liability relating to pension asset

	2014 £'000	2013 £'000
At 1 January / 1 April	(3,094)	(3,520)
Charged to profit and loss	(74)	329
Charged to the statement of recognised gains and losses		
On actuarial loss	2,946	97
On movement in deferred tax rate	222	–
At 31 December	<u>–</u>	<u>(3,094)</u>

12 Pension commitments

Defined contribution

The company contributed £1,753,000 (9 months to 31 December 2013: £44,000) to pension schemes during the period. There were no outstanding contributions at the year end.

At 1 January 2014 the pension fund assets and liabilities of the Morrison Facilities Pension Scheme (MFPS) were transferred to Morrison Facilities Services Limited as the principal employer of the scheme. Contributions to the MFPS have been accounted for as a defined contribution scheme for the year ended 31 December 2014. Previously the MFPS was accounted for as a defined benefit scheme, as detailed below.

Defined benefit

The MFPS provides final salary pension benefits to current and past members of staff. The assets of the MFPS scheme are held within a fund that is separate from the administration and finances of the company and Group.

At 1 January 2014 the pension fund assets and liabilities were transferred to Morrison Facilities Services Limited as the principal employer of the scheme. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2014 %	2013 %
Discount rate	4.0	4.6
Future salary increases	3.3	3.4
RPI inflationary growth	3.3	3.4
CPI inflationary growth	<u>2.4</u>	<u>2.5</u>

Notes to the financial statements – continued

12 Pension commitments - continued

The mortality assumptions used were as follows:

	2014 years	2013 years
Longevity at age 65 for current pensioners		
– Males	20	21
– Females	23	23
Longevity at age 65 for future pensioners		
– Males	22	23
– Females	25	26

The assets in the scheme and the expected rates of return were:

	2014 £'000	2013 £'000
Equities	–	40,636
Bonds	–	42,714
Property	–	347
Other	–	2,946
Total market value of assets	–	86,643
Present value of scheme liabilities	–	(71,912)
Pension asset	–	14,731
Related deferred tax liability	–	(3,094)
Net pension asset	–	11,637

Reconciliation of the present value of the defined benefit obligation:

	2014 £'000	2013 £'000
Opening defined benefit obligation	71,912	71,613
Service cost	–	1,787
Past service cost	–	–
Interest cost	–	2,276
Actuarial (gain)/ loss	–	(2,264)
Contributions by scheme participants	–	346
Benefits paid	–	(1,846)
Transfer out	(71,912)	–
Closing defined benefit obligation	–	71,912

Notes to the financial statements - continued

12 Pension commitments - continued

Reconciliation of fair value of scheme assets:

	2014 £'000	2013 £'000
Opening fair value of plan assets	86,643	88,377
Interest income on assets	-	2,811
Remeasurement gain/(losses) on assets	-	(4,772)
Contributions by employer	-	1,727
Contributions by scheme participants	-	346
Benefits paid	-	(1,846)
Transfer out	(86,643)	-
	<hr/>	<hr/>
Closing fair value of plan assets	-	86,643
	<hr/>	<hr/>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Mears Scotland (Services) Limited considered the expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolios are invested and the expectations for future returns of each class of asset. The expected returns for each asset class were then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The amounts recognised in profit or loss are as follows:

	2014 £'000	2013 £'000
<i>Analysis of the amount charged / (credited) to operating profit:</i>		
Current service cost	-	1,787
Past service cost	-	-
<i>Analysis of the amount charged / (credited) to finance income:</i>		
Interest income on plan assets	-	(2,811)
Interest on obligation	-	2,276
	<hr/>	<hr/>
Total	-	1,252
	<hr/>	<hr/>
Actual return on plan assets	-	(1,961)
	<hr/>	<hr/>

The amounts recognised in statement of recognised gains and losses are as follows:

	2014 £'000	2013 £'000
Return on plan assets below that recognised in net interest	-	(4,772)
Changes in assumption	-	2,264
Actuarial losses on transfer out	(14,731)	-
	<hr/>	<hr/>
Actuarial losses	(14,731)	(2,508)
Less transfer of assets to group company through intercompany	6,382	-
	<hr/>	<hr/>
Amount recognised in statement of recognised gains and losses	(8,349)	(2,508)
	<hr/>	<hr/>
Cumulative actuarial gains recognised	(3,932)	4,417
	<hr/>	<hr/>

Notes to the financial statements - continued

12 Pension commitments - continued

Amounts for the current and previous periods are as follows:

	December 2014 £'000	December 2013 £'000	March 2013 £'000	March 2012 £'000	March 2011 £'000
Plan assets	-	86,643	88,377	77,970	67,500
Defined benefit obligation	-	(71,912)	(71,613)	(72,990)	(59,620)
Amounts not recognised	-	-	-	-	-
Surplus	-	14,731	16,764	4,980	7,880
Actuarial gains or losses on transfers	(8,349)	-	-	-	-
Actual return on pension scheme assets less expected return	-	(4,772)	6,582	4,590	2,970
Experience gains or losses arising on scheme liabilities	-	6,390	628	-	-
Change in assumptions underlying the present value of scheme liabilities	-	(4,126)	5,315	(9,870)	(220)
Movement in unrecognised asset	-	-	-	-	1,480
Amounts recognised in statement of total recognised gains and losses	(8,349)	(2,508)	12,525	(5,280)	4,230

13 Related party transactions

The company holds a contract with Mears Scotland LLP, a fellow subsidiary of Morrison Facilities Services Limited, to supply staff for a contract with North Lanarkshire Council.

During the period the company has recognised turnover with Mears Scotland LLP of £19,847,000 (2013: £14,324,000), at the year end there was an intercompany receivable balance of £nil (2013: £nil).

Turnover of £nil (2013: £nil) was recognised with Morrison Facilities Services Limited, and there was an intercompany receivable at the year end of £4,042,000 (2013 payable: £4,071,000). There were no management charges levied in the period.

During the period the company charged services of £11,000 to North Lanarkshire Council. There were no amounts due at the year end (2013: £nil).

14 Share capital

Allotted, called up and fully paid share capital

	2014 £	2013 £
'A' ordinary shares of £1 each	667	667
'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.

Notes to the financial statements - continued

15 Reserves

	Profit and loss account £'000
At 1 January 2014	8,010
Profit for the period	329
Actuarial gain on pension scheme	(8,349)
Deferred tax relating to actuarial gain on pension scheme	3,168
	<hr/>
At 31 December 2014	<u>3,158</u>

16 Reconciliation of movements in shareholder's funds

	2014 £'000	2013 £'000
Opening shareholder's funds	8,011	8,601
Profit for the financial period	329	1,821
Other recognised gains and losses relating to the period	(5,181)	(2,411)
	<hr/>	<hr/>
Closing shareholder's funds	<u>3,159</u>	<u>8,011</u>

17 Contingent liabilities

Mears Scotland (Services) Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the Bank, whereby the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System.

18 Ultimate parent company

The Directors consider that the ultimate parent undertaking and controlling related party of this company is Mears Group PLC. Morrison Facilities Services Ltd, the immediate parent, is wholly owned by Mears Group PLC.

The largest and smallest group of undertakings for which Group accounts have been drawn up is that headed by Mears Group PLC. The accounts are available from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH.