

Motorway Services Limited

(Registered Number: 637019)

Report and accounts

52 weeks ended 26 September 2006

TUESDAY



ADEVDN84

A03

20/02/2007

263

COMPANIES HOUSE

Motorway Services Limited

Report and accounts for the 52 weeks ended 26 September 2006

Contents

	Pages
Directors' report	1-3
Report of the auditors	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-15

Motorway Services Limited

Directors' report

The directors present their report and financial statements for the 52 weeks ended 26 September 2006.

Principal activities

The Company is a motorway service area and motel operator.

Review of business and future developments

The directors are pleased to report that continued improvements in margin and cost control along with positive sales growth in the year have resulted in a profit for the financial year of £2.2m (2005: £2.2m).

The net assets of the Company at 26 September 2006 were £72.5m (2005: £70.3m).

Non-fuel sales growth is expected to continue as a result of investment in new units and range enhancements in existing units. In combination with continued focus on margin and cost control, the forecast sales growth is expected to drive further profit improvements in the forthcoming period.

Business risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. The principal business risks facing Welcome Break are those associated with the safety and security of visitors and employees.

Results and dividends

The Company's profit for the year is £2.2m (2005: £2.2m). The directors do not recommend the payment of a dividend for the year (2005: nil).

Directors

The directors of the Company as at 26 September 2006 were as follows:

Nick Wright

Rod McKie

Guy Vigar

Appointed 7 November 2005

Stephen King resigned as a director on 7 November 2005.

George Charters resigned as a director on 14 December 2005.

Ian McKay resigned as a director on 5 February 2006.

Directors' interests

None of the directors held a beneficial interest in the issued share capital of the Company at 26 September 2006 or 27 September 2005.

The directors' interests in the ultimate parent company Welcome Break Holdings Limited are disclosed in that company's financial statements.

G Vigar has no interest in the issued share capital of Welcome Break Holdings Limited.

Motorway Services Limited

Directors' report (Continued)

Property values

In the opinion of the directors there were no significant differences in aggregate between the market value and book value of the Company's freehold and leasehold interests at 26 September 2006.

Supplier payment policy

The Company does not impose standard payment terms on its suppliers but agrees specific terms with each. It is the Company's policy to pay its suppliers in accordance with the terms that have been agreed. The Company had no trade creditors outstanding at the year end (2005: nil) due to the centralised accounting function operated by Welcome Break Group Limited (see note 11).

Employment policies

The employment policies of Motorway Services Limited embody the principles of equal opportunity. This includes suitable procedures to support the Company's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

The Company recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the most relevant level there is a framework for consultation and information, having regard to the mix and locations of the employee population. Management and employees have joint responsibility for maintaining a regular dialogue on matters of local significance that affect them. It is the Company's policy to communicate information on corporate issues via the management of the business and through employee reports and a monthly company newsletter.

Environment

The Company is committed to conducting its business in a manner which shows responsibility towards the environment, and in ensuring high standards of health and safety for its employees, visitors and the general public. The Company is further committed to taking into account the effect of its working practices upon the environment and in minimising potential negative effects. The Company complies with all statutory and mandatory requirements.

Statement of 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 as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 26 September 2006. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

Motorway Services Limited

Directors' report (Continued)

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware.

Each director has taken all the steps that he ought to have taken in his duty 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.

Auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditor will be proposed at Annual General Meeting.

By order of the Board



Nick Wright
Director
15 February 2007

Registered Office:
2 Vantage Court
Tickford Street,
Newport Pagnell
Bucks MK16 9EZ

Motorway Services Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOTORWAY SERVICES LIMITED

We have audited the financial statements of Motorway Services Limited for the 52 weeks ended 26 September 2006 which comprise the Profit and loss account, the Balance sheet and the related notes. *These financial statements have been prepared under the accounting policies set out therein.*

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 September 2006 and of its profit for the 52 weeks then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

Motorway Services Limited

Independent auditors' report (continued)

- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
15 February 2007

Motorway Services Limited

Profit and loss account for the 52 weeks ended 26 September 2006

	Notes	52 weeks ended 26 September 2006 £'000	52 weeks ended 27 September 2005 £'000
TURNOVER	1b	84,120	81,773
Operating costs	3	(81,831)	(78,868)
OPERATING PROFIT	4	2,289	2,905
Depreciation	1d, 9	(1,869)	(1,857)
Operating profit before depreciation		4,158	4,762
Interest receivable and similar income	7	2,560	2,565
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,849	5,470
Tax on profit on ordinary activities	8	(2,616)	(3,318)
PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	15	2,233	2,152

The Company has no recognised gains and losses other than those set out above and therefore no separate statement of total recognised gains and losses has been presented.

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

All the above items relate to continuing activities.

Motorway Services Limited

Balance Sheet as at 26 September 2006

	Notes	26 September 2006 £'000	27 September 2005 £'000
FIXED ASSETS			
Tangible assets	9	24,093	24,062
CURRENT ASSETS			
Stocks	10	1,489	1,386
Debtors	11	49,199	48,333
Cash at bank and in hand		205	145
		50,893	49,864
CREDITORS: amounts falling due within one year	12	(705)	(1,740)
NET CURRENT ASSETS		50,188	48,124
TOTAL ASSETS LESS CURRENT LIABILITIES		74,281	72,186
PROVISION FOR LIABILITIES AND CHARGES	13	(1,769)	(1,907)
NET ASSETS		72,512	70,279
CAPITAL AND RESERVES			
Called-up share capital	14	60	60
Share premium account	15	280	280
Revaluation reserve	15	9,076	9,076
Profit and loss account	15	63,096	60,863
TOTAL EQUITY SHAREHOLDERS' FUNDS		72,512	70,279

The financial statements on pages 6 to 15 were approved by the board of directors on 15 February 2007 and were signed on its behalf by:



Nick Wright
Director

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006

1 Principal accounting policies

The principal accounting policies, adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets and investments, and in accordance with the Companies Act 1985 and applicable United Kingdom Accounting Standards.

(b) Turnover

Turnover which excludes value added tax and discounts represents the amounts receivable for goods sold and services provided and includes rents receivable.

(c) Valuation of properties and impairment

As permitted by Financial Reporting Standard 15, the Company changed its accounting policy in respect of property valuations. For periods prior to the year ending 30 September 2000, properties were revalued at intervals and those valuations incorporated into the financial statements. In accordance with the transitional rules of Financial Reporting Standard 15, the most recent valuation carried out pre September 2000 was frozen and reflected as deemed cost.

It is the Group's accounting policy to review its tangible fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assets' residual values and useful lives are reviewed and adjusted if necessary. An assets carrying amount is written down to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

(d) Depreciation

No depreciation is provided on freehold land or leasehold land with an unexpired term of over twenty years. All other assets are depreciated on a straight line basis as follows:

Freehold buildings and integral plant	35 years
Leasehold buildings and integral plant	over unexpired term (maximum 50 years)
Leasehold Land (unexpired term < 20 years)	over unexpired term
Plant and machinery	5 years
Furniture and equipment	3-10 years

(e) Stocks

Stocks are stated at the lower of cost, including motor fuel duty where appropriate, and net realisable value.

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

Principal accounting policies (continued)

(f) Pensions

The Welcome Break Group operates schemes for the benefit of all staff. All members receive benefit of a defined contribution type. Some members, however, hold benefits which are a combination of defined benefit and defined contribution. The funds of the schemes, which are administered by Trustees, are separate from the Group and independent actuaries complete valuations every three years using the projected unit cost method. In accordance with their recommendations, monthly contributions are paid to the schemes so as to secure the benefits set out in the rules. Employer contributions are charged to the profit and loss account in the period in which they become payable. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme. Further details of the Welcome Break Pension Plan are contained within the Group financial statements of Welcome Break Holdings Limited.

The company has taken advantage of the provisions of Financial Reporting Standard 17 to treat contributions to the pension scheme as if it were a defined contribution scheme. This is because the underlying assets and liabilities of the scheme cover a number of Welcome Break undertakings and cannot readily be split between each Group undertaking on a consistent and reliable basis.

(g) Leases

The costs of operating leases are charged to the profit and loss account on an accruals basis.

(h) Cash flow statement

The Company is more than 90% owned by Welcome Break Holdings Limited and is included in the consolidated financial statements of Welcome Break Holdings Limited, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

(i) Deferred taxation

The Company provides fully for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are only recognised where it is more likely than not that they will be recovered and deferred tax assets and liabilities are not discounted.

2 Segmental analysis

Turnover and operating profit are derived from one class of business and arise entirely in the United Kingdom.

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

3 Operating costs

	26 September 2006 £'000	27 September 2005 £'000
Raw materials and consumables	65,437	62,996
Other external charges	7,885	7,379
Depreciation	1,869	1,857
Staff costs:		
Wages and salaries	6,193	6,182
Social security costs	384	367
Other pension costs	63	87
	81,831	78,868

4 Operating profit

	26 September 2006 £'000	27 September 2005 £'000
Operating profit is stated after charging/(crediting):		
Rent receivable	(1,467)	(1,706)
Operating lease charges		
- land and buildings	2,857	2,496
- plant and machinery	435	441
Depreciation of tangible fixed assets		
- owned assets	1,125	1,129
- leased assets	744	728

Auditors' remuneration for all group companies is borne by Welcome Break Group Limited and the amount paid is disclosed in its financial statements. No amounts were paid by the Company in respect of non-audit services (2005: nil).

5 Directors' emoluments

In the period to 26 September 2006 four of the directors were remunerated by Welcome Break Group Limited and no specific allocation of their remuneration has been made in respect of their services to this company. The salary of the one remaining director was paid by Texaco Limited and no recharge was made to the Company in this respect.

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

6 Employee information

The average weekly number of persons employed by the Company during the period was:

	2006 Number	2005 Number
United Kingdom - full time	426	444
- part time	155	166
	581	610

7 Interest receivable and similar income

	2006 £'000	2005 £'000
Interest from fellow group undertaking	2,560	2,565

8 Tax on profit on ordinary activities

The taxation charge based on the profit on ordinary activities is made up as follows:

	26 September 2006 £'000	27 September 2005 £'000
Current tax:		
Corporation tax at 30% (2005: 30%)	-	-
Group relief payable	2,342	2,597
Adjustment in respect of prior periods	476	681
Total current tax	2,818	3,278
Deferred taxation on timing differences	(202)	40
	2,616	3,318

The tax assessed for the current period varies from the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	26 September 2006 £'000	27 September 2005 £'000
Profit on ordinary activities before tax	4,849	5,470
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	1,455	1,641
Excess capital allowances over depreciation	(139)	(40)
Tax only adjustment for transfer pricing	790	796
Expenses not deductible for tax (primarily depreciation)	236	200
Adjustment in respect of prior periods	476	681
Current tax charge for year	2,818	3,278

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

9 Tangible assets

	Land & buildings Freehold £'000	Leasehold £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
Cost					
28 September 2005	11,673	14,863	1,636	13,128	41,300
Additions	386	398	153	963	1,900
Re-classification	2	39	22	(63)	-
At 26 September 2006	12,061	15,300	1,811	14,028	43,200
Depreciation					
28 September 2005	1,475	5,182	238	10,343	17,238
Charge for the period	166	744	146	813	1,869
At 26 September 2006	1,641	5,926	384	11,156	19,107
Net book value					
At 26 September 2006	10,420	9,374	1,427	2,872	24,093
At 27 September 2005	10,198	9,681	1,398	2,785	24,062

10 Stocks

	26 September 2006 £'000	27 September 2005 £'000
Finished goods and goods for resale	1,489	1,386

11 Debtors

	26 September 2006 £'000	27 September 2005 £'000
Other debtors and prepayments	163	1,539
Amounts owed by other group undertakings	49,036	46,794
	49,199	48,333

Motorway Services Limited is a subsidiary undertaking within the Welcome Break group of companies. A centralised accounting function is operated by Welcome Break Group Limited which recharges its subsidiaries as appropriate. Accordingly charges processed in this way are included within the amounts owed by other Group undertakings.

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

12 Creditors: amounts falling due within one year

	26 September 2006 £'000	27 September 2005 £'000
Corporation tax	14	15
Other creditors	263	1,376
Accruals and deferred income	428	349
	705	1,740

The Company has guaranteed the obligations of itself, Welcome Break Holdings (1) Limited, Welcome Break Finance (2) Limited, Welcome Break Group Limited and Welcome Break Limited under bank loans obtained by Welcome Break Group Limited and Welcome Break Holdings (1) Limited which are secured by fixed and floating charges over its assets.

13 Provision for liabilities and charges

	Deferred Taxation £'000	Other Provisions £'000	Total £'000
At 28 September 2005	1,823	84	1,907
Charged in the year	(202)	64	(138)
At 26 September 2006	1,621	148	1,769

Other provisions relate to insurance costs, which have been incurred but not reported or paid, as at the balance sheet date.

	2006 £'000	2005 £'000
Excess of capital allowances over depreciation	1,621	1,823

The unprovided amounts exclude tax on capital gains which might arise on the disposal of properties as any material liability is likely to be deferred by rollover relief.

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

14 Called-up share capital

	26 September 2006 £'000	27 September 2005 £'000
60,000 ordinary shares of £1 each		
Authorised, allotted and fully paid	60	60

15 Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
28 September 2005	60	280	9,076	60,863	70,279
Retained profit for the year	-	-	-	2,233	2,233
At 26 September 2006	60	280	9,076	63,096	72,512

16 Financial commitments

At 26 September 2006 the Company was committed to make payments during the following year under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Expiring within one year	-	-	315	378
Expiring between 2 and 5 years inclusive	-	-	3	11
Expiring in over 5 years	3	3	-	-
	3	3	318	389

In addition to the above, other commitments under short term non-cancellable contracts existed at the year end amounting to £147,000 (2005: £12,000).

17 Capital commitments

	2006 £'000	2005 £'000
Future capital expenditure contracted but not provided for	-	820

MOTORWAY SERVICES LIMITED

Notes to the financial statements for the 52 weeks ended 26 September 2006 (continued)

18 Pension commitments

The Company participates in the Welcome Break Group Pension Plan. This scheme is of the defined benefit type with a defined contribution underpin and the assets are held separately from the Company's assets. The total pension cost for the Company was £63,000 (2005: £87,000). Financial Reporting Standard 17 has been adopted by Welcome Break Holdings Limited during the year. Further details of the Welcome Break Pension Plan are contained within the consolidated financial statements of Welcome Break Holdings Limited.

19 Related party disclosures

The Company has taken advantage of the exemption provided by Financial Reporting Standard 8, where subsidiary undertakings (of which 90% or more of the voting rights are controlled within the group) are exempt from the need to disclose transactions with other group companies where the ultimate parent publishes its consolidated financial statements. This has been applied in respect of transactions with other Welcome Break Holdings group companies.

20 Ultimate controlling company

Welcome Break Limited, incorporated in England and Wales, is the immediate parent undertaking.

Welcome Break Holdings (1) Limited, incorporated in England and Wales, is the intermediate parent undertaking that heads the smallest group of companies of which the Company is a member and for which group financial statements are prepared. Copies of Welcome Break Holdings (1) Limited consolidated financial statements are available from Companies House.

Welcome Break Holdings Limited, incorporated in England and Wales, is the ultimate parent company and controlling party. Copies of Welcome Break Holdings Limited consolidated financial statements are available from Companies House.