

For the year ended 31 October 1975  
the name of the auditor is "A"

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# Directors' Report and Accounts

MOTORWAY SERVICES LIMITED

31 October 1975

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Price  
Waterhouse & Co.

## MOTORWAY SERVICES LIMITED

### REPORT OF THE DIRECTORS

The directors present herewith their annual report and statement of accounts for the year ended 31 October 1975.

#### ACTIVITIES

The principal activity of the company involved the operation of Travelodge Motels and Motorway Service areas. There are now 208 hotel bedrooms under the control of the company at Newport Pagnell and Charnock Richard.

#### ACCOUNTS

The profit before taxation for the year ended 31 October 1975 was £666,131.

#### DIVIDEND

The directors recommend that a dividend of £280,000 is paid in respect of the year ended 31 October 1975.

#### HOLDING COMPANY

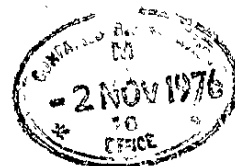
The company's ultimate holding company is Trust Houses Forte Limited which is incorporated in England.

#### DIRECTORS

The undermentioned persons were directors of the company throughout the year ending 31 October 1975:

EB Bratt  
E Leyton  
E Hartwell  
RS Gunn  
AD McDowell  
LH Bond  
D Hearn

(Appointed 17 February 1975)  
(Resigned 17 February 1975)



## DIRECTORS' INTERESTS

The directors, who are not also directors of Trust Houses Forte Limited, had interests in the share and loan capital of Trust Houses Forte Limited as set out below:

| <u>Ordinary shares<br/>of £1 each</u> | <u>As at<br/>31 October 1975</u> | <u>As at 1 November 1974<br/>or date of appointment</u> |
|---------------------------------------|----------------------------------|---|
| EB Bratt                              | Nil                              | Nil   |
| E Leyton                              | 16,390                           | 16,390  |
| RS Gunn                               | 2,458                            | 2,458   |
| AD McDowell                           | Nil                              | Nil   |
| LH Bond                               | 15,100                           | 15,100  |

Mr E Hartwell is also a director of Trust Houses Forte Limited and therefore his interests in that company are not required to be included in this report.

## AUDITORS

The auditors, Price Waterhouse & Company, have agreed to continue in office.

By Order of the Board

RD Clinch  
Secretary

19 February 1976



SOUTHVIEW HOUSE  
32 LONDON ROAD, GORELY,  
LONDON W14 8JY

AUDITORS' REPORT TO THE MEMBERS OF  
NOTORWAY SERVICES LIMITED

In our opinion the annexed accounts and notes give a true and fair view of the state of the company's affairs at 31 October 1975 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

PRICE WATERHOUSE & CO.

Chartered Accountants

18 February 1976

MOTORWAY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31 OCTOBER 1975

|                                 | <u>1975</u>        | <u>1974</u>        |
|---------------------------------|--------------------|--------------------|
| TURNOVER (Note 3)               | <u>£11,619,311</u> | <u>£10,592,967</u> |
| PROFIT BEFORE TAXATION (Note 4) | 666,131            | 622,203            |
| TAXATION (Note 5)               | <u>379,177</u>     | <u>378,740</u>     |
| PROFIT AFTER TAXATION           | 286,954            | 243,463            |
| BALANCE BROUGHT FORWARD         | <u>13,051</u>      | <u>29,588</u>      |
|                                 | 300,005            | 273,051            |
| DIVIDEND                        | <u>280,000</u>     | <u>260,000</u>     |
| BALANCE CARRIED FORWARD         | <u>£20,005</u>     | <u>£13,051</u>     |

# MOTORWAY SERVICES LIMITED

BALANCE SHEET AS AT  
31 OCTOBER 1975

| <u>ASSETS EMPLOYED</u>                                  | <u>1975</u>       | <u>1974</u>       |
|---|-------------------|-------------------|
| FIXED ASSETS (Note 7)                                   | 4,020,606         | 3,960,308         |
| SINKING FUND POLICIES                                   |                   |                   |
| Premiums paid (Surrender value £292,106; 1974 £251,133) | 271,471           | 248,819           |
| DEFERRED TAXATION (Note 8)                              | 20,260            | 24,260            |
| AMOUNT OWING BY FELLOW SUBSIDIARY                       | 322,180           | 173,868           |
| LESS AMOUNT OWED TO HOLDING COMPANY                     | <u>62,203</u>     | <u>44,215</u>     |
|   | 259,977           | 129,653           |
| CURRENT ASSETS  |                   |                   |
| Stocks  | 384,880           | 346,359           |
| Debtors   | 35,265            | 47,613            |
| Bank balance  | <u>92,841</u>     | <u>159,075</u>    |
|   | 512,986           | 553,047           |
| LESS: CURRENT LIABILITIES                               |                   |                   |
| Taxation  | 457,655           | 484,655           |
| Creditors   | 642,949           | 473,690           |
| Dividend payable  | <u>280,000</u>    | <u>260,000</u>    |
|   | 1,380,604         | 1,218,345         |
| NET CURRENT LIABILITIES                                 | <u>(867,618)</u>  | <u>(665,298)</u>  |
| NET ASSETS  | <u>£3,704,696</u> | <u>£3,697,742</u> |

# MOTORWAY SERVICES LIMITED

BALANCE SHEET AS AT  
31 OCTOBER 1975

## FINANCED BY:

### SHARE CAPITAL

Authorised, issued and fully paid  
60,000 ordinary shares of £1 each

### CAPITAL RESERVES (Note 9)

### PROFIT RETAINED

### MORTGAGE DEBENTURES (Note 10)

### DIRECTORS:

LH Bond  
E Hartwell

1975

1974

60,000

60,000

2,424,691

2,424,691

20,005

13,051

2,504,696

2,497,742

1,200,000

1,200,000

£3,704,696

£3,697,742

# NOTORWAY SERVICES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

|  | <u>1975</u>      | <u>1974</u>      |
|--|------------------|------------------|
| FUNDS GENERATED FROM OPERATIONS          |                  |                  |
| Profit before tax                        | 666,131          | 622,203          |
| Depreciation and amortisation            | <u>138,179</u>   | <u>137,798</u>   |
|  | 804,310          | 760,001          |
| FUNDS FROM OTHER SOURCES                 |                  |                  |
| Repayment of loan by holding company     |                  | 200,000          |
| WORKING CAPITAL MOVEMENT                 |                  |                  |
| Increase in creditors                    | 187,247          | 74,871           |
| Decrease/(Increase) in debtors and stock | <u>(174,485)</u> | <u>115,332</u>   |
|  | <u>12,762</u>    | <u>190,203</u>   |
|  | <u>817,072</u>   | <u>1,150,204</u> |
| APPLICATION OF FUNDS                     |                  |                  |
| Purchase of fixed assets                 | 198,477          | 184,893          |
| Dividends paid                           | 260,000          | 350,000          |
| Taxation paid                            | 402,177          | 465,424          |
| Sinking Fund policy premiums paid        | <u>22,652</u>    | <u>22,652</u>    |
|  | <u>883,306</u>   | <u>1,022,969</u> |
| INCREASE/(DECREASE) IN BANK BALANCES     | <u>£(66,234)</u> | <u>£127,235</u>  |

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31 OCTOBER 1975

1 ACCOUNTING POLICIES

(1) Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts. Timing differences are due primarily to the excess of tax allowances on fixed assets over the corresponding depreciation charged in the accounts. The provision is calculated each year on the deferral basis.

(2) Internal professional fees and pre-opening expenses

Internal professional costs incurred during the construction of Motorway Service Areas are capitalised. In addition pre-opening and development expenses incurred up to the date of opening are deferred and written off over five years.

(3) Depreciation

No depreciation is provided on freehold properties or properties held on leases with fifty years and over to run at the balance sheet date. Properties held on leases of less than fifty years are amortised over the unexpired term. All other assets are depreciated over their estimated useful lives except for plate, linen and utensils which are stated at directors' valuation, replacements being charged against profits.

(4) Stock valuation

Stocks are valued at the lower of cost and net realisable value.

2 CHANGE IN BASIS RELATING TO DEFERRED TAXATION

In accordance with now generally accepted accounting principles, a deferred taxation basis of accounting has been adopted as indicated in Note 1.

The new basis has been reflected in previous years by an appropriate re-statement, the effect on retained profits being as follows:

# MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR  
ENDED 31 OCTOBER 1975 (CONTINUED)

## 2 CHANGE IN BASIS RELATING TO DEFERRED TAXATION (Continued)

|   | £                     |
|---|-----------------------|
| Retained profits brought forward<br>at 1 November 1973 as originally reported | 115,012               |
| Transfer to deferred taxation in<br>respect of periods to 31 October 1973     | <u>85,424</u>         |
| Retained profits at 1 November 1973<br>as re-stated                           | <u><u>£29,588</u></u> |

As a result of the above change in basis, the 1974 profit and loss account has been re-stated to include a charge of £18,316 for deferred taxation.

## 3 TURNOVER

Turnover is the amount receivable for goods sold and services provided and includes motor fuel duty of £3,156,982 (1974 - £3,463,181).

## 4 PROFIT BEFORE TAXATION

This is arrived at after charging the items shown below:

|   | <u>1975</u>     | <u>1974</u>     |
|---|-----------------|-----------------|
| Interest payable:   |                 |                 |
| On bank overdrafts and loans<br>repayable within five years | 32,561          | 55,776          |
| On other loans  | <u>81,000</u>   | <u>81,000</u>   |
|   | <u>£113,561</u> | <u>£116,776</u> |
| Auditors' remuneration                                      | <u>£1,619</u>   | <u>£805</u>     |
| Amortisation and depreciation:                              |                 |                 |
| Short leasehold   | 74,640          | 74,157          |
| Plant and equipment   | <u>63,539</u>   | <u>63,641</u>   |
|   | <u>£138,179</u> | <u>£137,798</u> |

# MOTORWAY SERVICES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1975 (CONTINUED)

|  | <u>1975</u>     | <u>1974</u>     |
|--|-----------------|-----------------|
| 5 TAXATION   |                 |                 |
| Corporation tax at 52% (1974 - 52%)<br>based upon the profits for the year | 352,177         | 360,424         |
|  | <u>27,000</u>   | <u>18,316</u>   |
| Deferred taxation  | <u>£379,177</u> | <u>£378,740</u> |

## 6 DIRECTORS' EMOLUMENTS

None of the directors has received any emoluments from the company.

## 7 FIXED ASSETS

|  | <u>Land and Buildings</u> |                        |                            |                   |
|--|---------------------------|------------------------|----------------------------|-------------------|
|  | <u>Freehold</u>           | <u>Short Leasehold</u> | <u>Plant and equipment</u> | <u>Total</u>      |
| Cost or valuation at 31 October 1974             | 878,034                   | 2,888,392              | 667,525                    | 4,433,951         |
| Additions at cost                                | 600                       | 98,190                 | 99,687                     | 198,477           |
| Disposals at cost                                | -                         | -                      | (198,310)                  | (198,310)         |
| Cost or valuation at 31 October 1975             | 878,634                   | 2,986,582              | 568,902                    | 4,434,118         |
| Less accumulated depreciation at 31 October 1975 | -                         | (217,895)              | (214,042)                  | (431,937)         |
|  | <u>£878,634</u>           | <u>£2,768,687</u>      | <u>£354,860</u>            | <u>£4,002,181</u> |
| Plate, Linen and Utensils                        |                           |                        |                            | <u>18,425</u>     |
| Net book value at 31 October 1975                |                           |                        |                            | <u>£4,020,606</u> |
| Cost   |                           |                        |                            | 822,368           |
| Valuation 1972                                   |                           |                        |                            | <u>3,611,750</u>  |
|  |                           |                        |                            | <u>£4,434,118</u> |

Certain of the company's freehold and leasehold properties were re-valued on a going concern basis as at 31 October 1972 by an independent firm of professional valuers. Subsequent additions are shown at cost.

# MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR  
ENDED 31 OCTOBER 1975

|                                     | <u>1975</u>    | <u>1974</u>    |
|-------------------------------------|----------------|----------------|
| 8 DEFERRED TAXATION                 |                |                |
| Advance corporation tax recoverable | 151,000        | 128,000        |
| Other deferred taxation             | (130,740)      | (103,740)      |
|                                     | <u>£20,260</u> | <u>£24,260</u> |

The advance corporation tax is recoverable against the corporation tax liability, payable on 1 November 1977, on the 1976 profit of the company.

|                            |                   |
|----------------------------|-------------------|
| 9 CAPITAL RESERVES         |                   |
| Share premium account      | 280,000           |
| General reserve            | <u>2,144,691</u>  |
| Balance at 31 October 1975 | <u>£2,424,691</u> |

|                            | <u>Interest<br/>rate</u> | <u>1975</u>       | <u>1974</u>       |
|----------------------------|--------------------------|-------------------|-------------------|
| 10 MORTGAGE DEBENTURES     |                          |                   |                   |
| Repayable 1 September 1978 | 6%                       | 400,000           | 400,000           |
| Repayable 31 October 1992  | 8%                       | <u>800,000</u>    | <u>800,000</u>    |
|                            |                          | <u>£1,200,000</u> | <u>£1,200,000</u> |

No premium is payable on redemption unless the company exercises its right to redeem before redemption date.

|   |                |                 |
|---|----------------|-----------------|
| 11 COMMITMENTS FOR CAPITAL EXPENDITURE      | <u>1975</u>    | <u>1974</u>     |
| Committed at 31 October                     | 12,000         | 73,000          |
| Approved, but not committed<br>by the Board | <u>-</u>       | <u>300,000</u>  |
|   | <u>£12,000</u> | <u>£373,000</u> |

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR  
ENDED 31 OCTOBER 1975 (CONTINUED)

12 CONTINGENT LIABILITIES

There is no present intention of selling any of the properties re-valued at 31 October 1972 and no provision has been made in these accounts for any tax liability which might arise if such sales took place. It is estimated that if these properties had been sold on 31 October 1972 at their net book values at that date the tax liability which might have arisen would not have exceeded £600,000.

FULL NAME:

Eric Hartwell

FORMER NAMES:

None

NATIONALITY:

British

USUAL  
RESIDENTIAL  
ADDRESS:

Tall Trees,  
Totteridge Lane,  
London N. 20

DATE OF BIRTH:

10.8.1915

BUSINESS OCCUPATION:

Vice-Chairman and Joint Chief Executive  
Trust Houses Forte Limited

AND  
OTHER DIRECTORSHIPS:

Airport Catering Services Limited  
Airport Catering Services (Scotland) Limited  
British Airways - Trust Houses Forte Hotels Ltd.  
Holryde Dealing Company Limited  
Motorway Services Limited  
Trust Houses Forte Travel Limited  
Luncheon Vouchers' Catering Education  
Trust Limited

**FILE NAME:** Leslie Hoppen Bond

**FORMER NAMES:** None

**NATIONALITY:** British

**USUAL  
RESIDENTIAL  
ADDRESS:** "Ollerton"  
Holwood Park Avenue,  
Ecclestone Park,  
Faversham,  
Kent.  
BR6 9NG.

**DATE OF BIRTH:** 1. 3. 1924

**BUSINESS OCCUPATION:** Managing Director Trust Houses Forte Catering  
AND Ltd

**OTHER DIRECTORSHIPS:** Director of wholly owned subsidiaries of  
Trust Houses Forte Limited.

Airport Catering Services Limited

Motorway Services Limited

Henekey Limited

MR. A. D. McDOWELL

Directorships

Blue Star Garages Limited  
Anglo Dutch Petroleum Company Limited  
Blue Star Garages (Ruxley) Limited  
Blue Star Garages (Tolworth) Limited  
Blue Star Garages (Blyth) Limited  
Chester Garages Limited  
Cosmopolitan Garages Limited  
Highway Restaurants Limited  
Landsdown Filling Station Limited  
Silvertown Batteries Limited  
Tower Service Garage (Epping) Limited  
Western Fuel Services Limited

MR. R. BRATT

Directorships

Blue Star Garages Limited  
Anglo Dutch Petroleum Company Limited  
Blue Star Garages (Ruxley) Limited  
Blue Star Garages (Tolworth) Limited  
Blue Star Garages (Blyth) Limited  
Chester Garages Limited  
Cosmopolitan Garages Limited  
Highway Restaurants Limited  
Landsdown Filling Station Limited  
Silvertown Batteries Limited  
Tower Service Garage (Epping) Limited  
Western Fuel Services Limited  
Blue Star Engineering Limited  
Blue Star (Holdings) Limited  
Computer Dynamics Limited  
Coronet Acoustics Limited  
Coronet Engineering Limited  
Observatory Garage Limited  
St. Andrews Motors Limited  
Sealand Garage Limited  
Universal Radiators Limited