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# Directors' Report and Accounts

MOTORWAY SERVICES LIMITED  
DIRECTORS REPORT AND ACCOUNTS  
FOR THE YEAR ENDED

31 October 1984

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1984



Price  
Waterhouse

# MOTORWAY SERVICES LIMITED

## REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1984

### DIRECTORS' REPORT

The Directors present herewith their Annual Report and Statement of Accounts for the year ended 31 October 1984.

### ACTIVITIES

The main activity of the company was the operation of Travelodge Motels and motorway service areas.

### ACCOUNTS AND REVIEW OF THE YEARS RESULTS

The profit before taxation for the year ended 31 October 1984 was £1,193,920.

The year to 31 October 1984 showed an increase in profitability on ordinary activities before taxation amounting to £256,564. All branches contributed to the favourable trading position. This trend should continue in the forthcoming year.

### DIVIDEND

The Directors recommend that a dividend of £21,854 be paid in respect of the year ended 31 October 1984.

### HOLDING COMPANY

The company's ultimate holding company is Trusthouse Forte PLC which is incorporated in England.

### DIRECTORS

The following were directors of the company during the year ended 31 October 1984:

Mr RJV Forte  
Mr GB Chiandetti  
Mr AJ Hearn  
Mr E Leyton (resigned 6 February 1984)  
Mr DF Mills

Mr DF Mills resigned on 18 April 1985 and Mr O Jenkins was appointed a director of the Company on 18 April 1985.

# MOTORWAY SERVICES LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

Those directors who are not also directors of Trusthouse Forte PLC had interests in that company's share capital as follows:

	<u>As at 1 November 1983 or date of appointment</u>		<u>As at 31 October 1984</u>	
	25p Ordinary Shares	Share Options	25p Ordinary Shares	Share Options
Mr AJ Hearn	Nil	Nil	Nil	3,806
Mr E Leyton	26,160	Nil	Nil	Nil
Mr DF Mills	Nil	Nil	Nil	Nil
Mr GB Chiandetti	139,500	285,714	134,330	330,232
Mr RJV Forte	6,659,418	Nil	6,659,418	3,806

Mr RJV Forte also has other interests in 23,430,268 Ordinary shares of Trusthouse Forte PLC in relation to Trusts created by directors.

The holdings at 1 November 1983 have been adjusted to reflect the one-for-one scrip issue of Ordinary shares made on 27 April 1984.

### AUDITORS

Price Waterhouse have expressed their willingness to continue in office and a resolution for their re-appointment as auditors will be proposed at the Annual General Meeting.

By Order of the Board

PJ Wilson  
Secretary

12 Sherwood Street  
London  
W1

18 April 1985

AUDITORS' REPORT TO THE MEMBERS OF  
MOTORWAY SERVICES LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

*Price Waterhouse*

Chartered Accountants  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

18 April 1985

# MOTORWAY SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1984

	<u>Notes</u>	<u>1984</u> £	<u>1983</u> £
TURNOVER	1(b), 2	29,469,796	26,870,733
OPERATING COSTS	3	(27,932,875)	(25,585,092)
GROSS TRADING PROFIT		1,536,921	1,285,641
DEPRECIATION	9	(386,514)	(341,477)
TRADING PROFIT	4	1,150,407	944,164
INTEREST RECEIVABLE/(PAYABLE)	6	43,513	(6,808)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,193,920	937,356
TAX (CHARGE)/CREDIT ON PROFIT ON ORDINARY ACTIVITIES	7	(671,933)	498,984
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		521,987	1,436,340
DEFERRED TAXATION PROVISION	8	(452,000)	-
PROFIT AFTER EXTRAORDINARY ITEMS		69,987	1,436,340
DIVIDENDS		(21,854)	(287,268)
PROFIT RETAINED FOR THE YEAR	17	48,133	1,149,072

# MOTORWAY SERVICES LIMITED

## BALANCE SHEET AT 31 OCTOBER 1984

	Notes	1984 £	1983 £
FIXED ASSETS			
Tangible assets	9	7,708,135	7,896,112
CURRENT ASSETS			
Stocks	10	697,617	825,332
Debtors	11	2,676,468	1,864,215
Investments	12	1,597,000	1,353,000
Cash at bank and in hand		8,741	286,616
		<u>4,979,826</u>	<u>4,329,163</u>
CREDITORS - amounts falling due within one year			
Creditors	13	(2,888,992)	(2,672,227)
Proposed dividends		(21,854)	(287,268)
		<u>(2,910,846)</u>	<u>(2,959,495)</u>
NET CURRENT ASSETS		<u>2,068,980</u>	<u>1,369,668</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,777,115	9,265,780
CREDITORS - amounts falling due after more than one year			
	14	(800,000)	(800,000)
PROVISION FOR LIABILITIES AND CHARGES			
	15	(463,202)	-
		<u>8,513,913</u>	<u>8,465,780</u>
CAPITAL AND RESERVES			
Called up share capital	16	60,000	60,000
Share premium account	17	280,000	280,000
Revaluation reserve	17	3,619,001	3,619,001
Profit and loss account	17	4,554,912	4,506,779
		<u>£8,513,913</u>	<u>£8,465,780</u>

Mr GB Chiandetti  
Mr O Jenkins

*GB Chiandetti*  
*O Jenkins*

Approved by the Board of Directors on 18 April 1985.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 OCTOBER 1984

	1984 £	1983 £
SOURCE OF FUNDS		
Trading profit	1,150,407	944,164
Adjustment for items not involving the movement of funds:		
Depreciation	<u>386,514</u>	<u>341,477</u>
	1,536,921	1,285,641
OTHER SOURCES OF FUNDS		
Interest receivable	43,513	-
Taxation refund	116,300	177,000
Group relief	<u>-</u>	<u>527,114</u>
TOTAL FUNDS GENERATED	1,696,734	1,989,755
APPLICATION OF FUNDS		
Purchases of tangible fixed assets	198,537	565,952
Interest paid	-	6,808
Dividends paid	287,268	119,637
Taxation paid	178,471	-
ACT surrender	<u>257,015</u>	<u>75,411</u>
	(921,291)	(768,808)
	<u>775,443</u>	<u>1,220,947</u>
WORKING CAPITAL MOVEMENT		
(Decrease) in stocks	(127,715)	(127,781)
Increase in debtors	812,253	1,594,207
Decrease/(increase) in creditors	<u>124,780</u>	<u>(732,165)</u>
	809,318	734,261
(Decrease)/increase in liquid funds	<u>(33,875)</u>	<u>486,686</u>
	<u>775,443</u>	<u>1,220,947</u>

POLYNIA SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1984

1 ACCOUNTING POLICIES

(a) Accounting conventions

The accounts are prepared under the historical cost convention as modified by the revaluation of properties.

(b) Turnover

Turnover represents the amount for goods sold and services provided and includes rents receivable.

(c) Properties

Freehold and long leasehold properties are revalued at intervals of not more than seven years and the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial. Short leasehold properties are included in the balance sheet at cost or revaluation prior to 31 October 1978 plus subsequent additions at cost.

(d) Depreciation

Depreciation is provided on all fixed assets on a straight line basis, over the estimated useful lives of the assets at the following rates:

Plant	6.66 - 10%
Furniture and Equipment	10 - 25%
Leasehold properties under 50 years	over unexpired term

No depreciation is provided on freehold properties.

(e) Interest, internal professional fees and pre-opening expenses

Interest on capital employed on land awaiting development and on the construction and major redevelopment of hotels and restaurants and also internal professional costs incurred until these enterprises start to trade, are capitalised as part of the costs of construction. In addition pre-opening and development expenses incurred up to the date of opening are deferred and written off over five years.

(f) Stocks

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

(g) 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 except to the extent that the liability is not expected to be payable in the foreseeable future. Timing differences are due primarily to the excess of tax allowances on fixed assets over the corresponding depreciation charge in the accounts.



NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

2 SEGMENT INFORMATION

The turnover and trading profit are attributable to the company's business of operating Motorway Services areas and hotels in the United Kingdom.

3 OPERATING COSTS

	<u>1984</u> £	<u>1983</u> £
Raw materials and consumables	22,540,737	20,578,959
Other external charges	2,775,318	2,482,711
Staff costs		
- Wages & Salaries	2,389,645	2,262,453
- Social security costs	209,911	251,160
- Other pension costs	17,264	9,809
	<u>27,932,875</u>	<u>25,585,092</u>

4 TRADING PROFIT

Trading profit is stated after charging/(crediting):

	<u>1984</u> £	<u>1983</u> £
Rents receivable	(821,000)	(782,404)
Net gain on disposal of fixed assets	-	(200)
Directors' remuneration	-	-
Auditors' remuneration	-	-
Hire of plant and machinery	14,542	13,804
Concession and other rents payable	1,105,453	959,145

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

5 EMOLUMENTS OF DIRECTORS AND HIGHER PAID EMPLOYEES

The salaries of the chairman and other directors were paid by other group companies and no remuneration was paid or is payable to them by Motorway Services Limited. No employees received emoluments over £30,000.

6 INTEREST RECEIVABLE/(PAYABLE)

	<u>1984</u> £	<u>1983</u> £
Interest on bank and other loans repayable within five years	(581)	(1,193)
Interest on mortgage debenture	(81,000)	(81,000)
Interest receivable	<u>125,094</u>	<u>75,385</u>
	<u>43,513</u>	<u>(6,808)</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge/(credit) based on the profit on ordinary activities is made up as follows:

	<u>1984</u> £	<u>1983</u> £
Corporation tax at 47.08% (1983 52%)	660,731	445,493
Previous year's provision no longer required	-	(397,031)
Return of prior year payment for group relief	<u>-</u>	<u>(527,114)</u>
Current taxation	660,731	(478,652)
Deferred taxation	<u>11,202</u>	<u>(20,332)</u>
	<u>671,933</u>	<u>(498,984)</u>

8 DEFERRED TAXATION PROVISION

Increase in provision for deferred taxation in excess of capital allowances over depreciation calculated at a Corporation Tax rate of 35 per cent arising from the 1984 United Kingdom Finance Act

<u>1984</u>	<u>1983</u>
<u>£452,000</u>	<u>£ -</u>

PARSONS SERVICE LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

9

TANGIBLE ASSETS

	<u>Land and buildings</u>		<u>Fixtures fittings tools and equipment</u> £	<u>Total</u> £
	<u>Freehold</u>	<u>Leasehold</u>		
	£	Under 50 years £		
<u>Cost or Valuation</u>				
At 1 November 1983	2,368,203	4,671,495	2,602,578	9,642,276
Additions	-	27,934	170,603	198,537
At 31 October 1984	2,368,203	4,699,429	2,773,181	9,840,813
<u>Depreciation</u>				
At 1 November 1983	-	833,837	912,327	1,746,164
Charge for year	-	83,179	303,335	386,514
At 31 October 1984	-	917,016	1,215,662	2,132,678
<u>Net book values</u>				
At 31 October 1984	2,368,203	3,782,413	1,557,519	7,708,135
At 31 October 1983	2,368,203	3,837,658	1,690,251	7,896,112

NOTION AT SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

9 TANGIBLE ASSETS (Continued)

	<u>Land and buildings</u>		<u>Fixtures fittings tools and equipment</u>	<u>Total</u>
	<u>Freehold</u>	<u>Leasehold Under 50 years</u>		
	£	£	£	£
<u>Analysis of cost or valuation</u>				
Year of valuation 1972	-	2,720,000		2,720,000
1979	1,110,000			1,110,000
1981	1,110,000			1,110,000
1983	117,813			117,813
At cost	<u>30,390</u>	<u>1,979,429</u>	<u>2,773,181</u>	<u>4,783,000</u>
Total at 31 October 1984	<u>2,368,203</u>	<u>4,699,429</u>	<u>2,773,181</u>	<u>9,840,813</u>
<u>Historical cost of assets carried at valuation</u>				
Cost	695,000	775,000		
Accumulated depreciation	<u>-</u>	<u>186,000</u>		
Historical net book value	<u>695,000</u>	<u>589,000</u>		

Certain of the company's freehold and long leasehold properties have been revalued by the directors of the holding company on an open market existing use basis.

10 STOCKS

	<u>1984</u>	<u>1983</u>
Finished goods and goods for resale	<u>£697,617</u>	<u>£825,332</u>

# MOTORWAY SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

### 11 DEBTORS - amounts falling due within one year

	<u>1984</u> £	<u>1983</u> £
Trade debtors	96,421	314,291
Other debtors	218,897	123,266
Amounts owed by group companies	2,361,150	1,278,704
Prepayments	<u>-</u>	<u>147,954</u>
	<u>2,676,468</u>	<u>1,864,215</u>

### 12 CURRENT ASSETS - INVESTMENTS

	<u>1984</u>	<u>1983</u>
Short term deposits	<u>£1,597,000</u>	<u>£1,353,000</u>

### 13 CREDITORS - amounts falling due within one year

	<u>1984</u> £	<u>1983</u> £
Trade creditors	1,632,125	436,794
Amount owed to group companies	354,364	1,326,127
Other taxation and social security	435,045	792,059
Accruals	65,064	56,398
Corporation Tax	<u>402,394</u>	<u>60,849</u>
	<u>2,888,992</u>	<u>2,672,227</u>

### 14 CREDITORS - amounts falling due after more than one year

#### Secured mortgage debenture:

	<u>Interest rate</u>	<u>1984</u>	<u>1983</u>
Repayable 31 October 1992	10½%	<u>£800,000</u>	<u>£800,000</u>

No premium is payable on redemption unless the company exercises its right to redeem before the redemption date. The mortgage debenture is secured by way of charges on certain of the company's freehold properties.

NOTORIAN SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

15 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The deferred taxation balances and potential amount of deferred taxation for all timing differences are as follows:

	<u>1984</u>		<u>1983</u>	
	<u>Amount provided in the accounts</u>	<u>Potential liability</u>	<u>Amount provided in the accounts</u>	<u>Potential liability</u>
	£	£	£	£
Timing difference due to:				
Excess of capital allowances over depreciation	452,000	713,466	-	874,082
Other	<u>11,202</u>	<u>11,202</u>	<u>-</u>	<u>-</u>
	<u>463,202</u>	<u>724,668</u>	<u>-</u>	<u>874,082</u>

The estimated potential taxation if properties were disposed of at their net book amounts is £684,000 (1983 £1,085,700). However, there is no present intention of selling any of the properties and capital gains on disposals are likely to be deferred by rollover relief.

The movement for the year was as follows:

	£
Balance at 1 November 1983	Nil
Charge for year	<u>463,202</u>
Balance at 31 October 1984	<u>463,202</u>

16 CALLED UP SHARE CAPITAL

	<u>1984</u>	<u>1983</u>
60,000 shares of £1 each		
Authorised, allotted and fully paid	<u>£60,000</u>	<u>£60,000</u>

# MOTOMAY SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 OCTOBER 1984 (Continued)

### 17 RESERVES

	Share premium account	Revaluation reserve	Profit and loss account
At 1 November 1983	280,000	3,619,001	4,506,779
Profit retained for the year	-	-	48,133
At 31 October 1984	<u>£280,000</u>	<u>£3,619,001</u>	<u>£4,554,912</u>

The revaluation reserve arises from the revaluation of properties in 1983 and prior years. No provision has been made for any tax liability that would arise if these assets were disposed of at their revalued amount.

### 13 EMPLOYEES

The average number of employees employed by the company during the year was:

	1984	1983
United Kingdom - Full time	554	542
- Part time	<u>46</u>	<u>33</u>
	<u>600</u>	<u>575</u>

### 19 PENSION COMMITMENTS

The Trusthouse Forte Group, of which this company is a member, operates pension schemes to the benefit of a large number of its employees. The funds of the schemes are administered by Trustees, are separate from the Group, and independent actuaries complete valuations every three years. In accordance with their recommendations annual contributions are paid to the schemes so as to secure the benefits set out in the rules, and the augmentation of current pensions from time to time. The cost of these are charged against profits when the contributions are made.

### 20 COMMITMENTS FOR CAPITAL EXPENDITURE

	1984	1983
Contracted	£324,413	£93,520
Authorised but not contracted	-	-