

MOTORWAY SERVICES LIMITED

Report of the directors to be presented at the Annual General Meeting of the company to be held on

The directors present herewith their Annual Report and Statement of Accounts for the year ended 31 October 1974.

ACTIVITIES

The main 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 1974 was £622,203.

DIVIDEND

The directors recommended that a dividend of £260,000 is paid in respect of the year ended 31 October 1974.

HOLDING COMPANY

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

DIRECTORS

The under-mentioned persons were directors of the company during the year ended 31 October 1974.

EB Bratt
D Hearn (resigned 17 February 1975)
E Leyton
E Hartwell
RS Gunn
AD McDowell
LH Bond (appointed 17 February 1975)

The under-mentioned director, who was appointed a director of the company during the year retires in accordance with the Articles of Association, and being eligible offers himself for re-election.

LH Bond

DIRECTORS' INTERESTS

The directors, who are not also directors of Trust Houses Forte Limited, had interests in the share and loan capital of the company's ultimate holding company, Trust Houses Forte Limited, as follows:-

TRUST HOUSES FORTE LIMITED

<u>Ordinary shares of 25p</u>	<u>As at 1 November 1973 or date of appointment</u>	<u>As at 31 October 1974</u>
LH Bond	15,100	15,100
B Bratt	Nil	Nil
RS Gunn	2,458	2,458
E Leyton	16,390	16,390
AD McDowell	Nil	Nil

The under-mentioned director is also a director of Trust Houses Forte Limited and as such his interest in that company is not required to be recorded in the Register of Directors' Interests of this company:-

E Hartwell

AUDITORS

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

By Order of the Board

RD CLINCH

Secretary

166 High Holborn,
London WC1V 6PF

17 February 1975

Price Waterhouse & Co

3 Frederick's Place Old Jewry London EC2R 8CB
Telephone: 01-606 6044 Telex: 884657

AUDITORS' REPORT TO THE MEMBERS OF MOTORWAY 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 1974 and of its profit for the year then ended and comply with the Companies Acts, 1948 and 1967, after providing for taxation on the basis set out in note 3.

Chartered Accountants

17 February 1975

London MA Coates CA Cherry A Wilson AD Copley TR Watts AN Chapman JB Sawell TJ Dayless PW Barrows TM Rawcliffe PL Arger C. H. W. G. K. Carter JL Read IH Bowdler EW Barnes EJW Bridges FH King PJ Pullin GH Stacy BA Baldwin DH North CH Bailey EA Roberts VN Ca N Hughes AE Whelan DP Myland MD Cyle CH Dull MG Waller RM White CM Burley FEH Jackson PF Spurway RD Bristol RJ Higgins G. D. R. A. Buncell M Hall J. C. Ames C Bull JS Phillips HL Cousins AM Norman JM Jamieson MJ Moore JLB Valle MW Buzamcombe Birmingham ER Jaynes BHT Jones ACS Horden HA Gull PL Johnson RJ Walls BJ Dale Bristol Sir HE Huntington Whiteley DE CFM Hanks TH from Cardin PJ Dyball Glasgow AG Campbell Leeds Lly Gerner PN Turner K Hawshill RNE Clark JR Chapman Leicester HG Jucker DG Brennan Liverpool AG Whalley JA Teague Manchester CH Jackson D Baldwin PG Liddle Newcastle LW Houli R Lively PW Jowett DM Booth Nottingham C. C. TM Pragnell JH Howitt N. Deakin Southampton RC Niddie RM Gordon Directors of Associated Companies BJ Brooks P Holdstock AG Thorpe JX Lellus

MOTORWAY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1974

	<u>1974</u>	<u>1973</u>
TURNOVER (Note 1)	<u>£10,592,967</u>	<u>£7,825,067</u>
PROFIT BEFORE TAXATION (Note 2)	622,203	618,446
TAXATION (Note 3)	<u>360,424</u>	<u>261,067</u>
PROFIT AFTER TAXATION	261,779	357,379
BALANCE BROUGHT FORWARD	<u>115,012</u>	<u>107,633</u>
	376,791	465,012
DIVIDEND	<u>260,000</u>	<u>350,000</u>
BALANCE CARRIED FORWARD	<u>£116,791</u>	<u>£115,012</u>

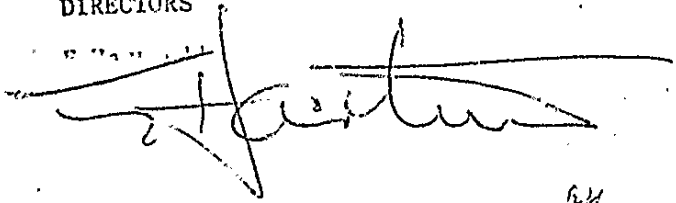
MOTORWAY SERVICES LIMITED

BALANCE SHEET AT 31 OCTOBER 1974

	1974	1973
ASSETS EMPLOYED		
FIXED ASSETS (Note 5)	3,960,308	3,913,213
SINKING FUND POLICIES		
Premiums paid (Surrender value £251,133 1973 £238,551)	248,819	226,167
DEFERRED TAXATION RECOVERABLE (Note 3)	128,000	
AMOUNT OWING BY HOLDING COMPANY		
Loan account		200,000
ADD: AMOUNT OWING BY FELLOW SUBSIDIARY	173,868	388,283
LESS: AMOUNT DUL TO HOLDING COMPANY AND FELLOW SUBSIDIARIES	<u>44,215</u>	<u>-</u>
	129,653	588,283
CURRENT ASSETS		
Stocks (Note 6)	346,359	253,316
Debtors	47,613	41,573
Balance at Bank	<u>159,075</u>	<u>31,840</u>
	553,047	326,729
LESS: CURRENT LIABILITIES		
Taxation	484,655	505,000
Creditors	473,690	399,689
Dividend payable	<u>260,000</u>	<u>350,000</u>
	1,218,345	1,254,689
NET CURRENT LIABILITIES	<u>(665,298)</u>	<u>(927,960)</u>
	<u>£3,801,482</u>	<u>£3,799,703</u>

MOTORWAY SERVICES LIMITED

BALANCE SHEET AT 31 OCTOBER 1974 (CONTINUED)

	1974	1973
<u>FINANCED BY:</u>		
SHARE CAPITAL		
Authorised, issued and fully paid 60,000 ordinary shares of £1 each	60,000	60,000
CAPITAL RESERVES (Note 7)	2,424,691	2,424,691
PROFIT RETAINED	<u>116,791</u>	<u>115,012</u>
	2,601,482	2,599,703
MORTGAGE DEBENTURES (Note 8)	1,200,000	1,200,000
DIRECTORS		
		
	<u>£3,801,482</u>	<u>£3,799,703</u>



MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1974

1 TURNOVER

Turnover is the amount receivable for goods sold and services provided and includes motor fuel duty of £3,463,181 (1973 £3,004,009).

2 PROFIT BEFORE TAXATION is arrived at after charging the items shown below:

	<u>1974</u>	<u>1973</u>
Interest payable:		
On bank overdraft and loans repayable within 5 years	35,776	30,357
Other loans	<u>81,000</u>	<u>81,000</u>
	<u>£116,776</u>	<u>£111,357</u>
Auditors' remuneration	<u>£805</u>	<u>£700</u>
Amortisation and depreciation	<u>£137,798</u>	<u>£114,743</u>

3 TAXATION

Corporation tax at 52% (1973: 46%)	350,000	265,000
Under(over) provision for taxation in previous years	<u>10,424</u>	<u>(3,933)</u>
	<u>£360,424</u>	<u>£261,067</u>

No provision has been made in these accounts for tax deferred estimated at £18,000 (1973: £56,000) in respect of the excess of capital allowances over the corresponding depreciation.

Advance Corporation Tax payable on the proposed final dividend of £260,000 amounts to £128,000 and is recoverable against the corporation tax liability payable on 1 January 1977, on the 1975 profit of the company.

4 DIRECTORS' EMOLUMENTS

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

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1974 (CONTINUED)

5 FIXED ASSETS

	<u>Land and buildings</u>		<u>Plant and equipment</u>	<u>Total</u>
	<u>Freehold</u>	<u>Short leasehold</u>		
Cost or valuation at 31 October 1973	860,468	2,800,146	538,444	4,249,058
Additions	17,566	88,246	84,081	189,893
Disposals	-	-	-	-
Grants	-	-	(5,000)	(5,000)
Cost or valuation	878,034	2,888,392	667,525	4,433,951
Less: Accumulated depreciation	-	143,255	348,813	492,068
	£878,034	£2,745,137	£318,712	£3,941,883
Plate, linen and utensils				18,425
Net book amount at 31 October 1974				£3,960,308
Cost				822,201
Valuation 1972				3,611,750
				£4,433,951

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

No depreciation is provided on freehold properties or leasehold properties held on leases with fifty years and over to run at the balance sheet date. Properties held on leases with an unexpired term of less than fifty years are amortised over the remaining period. 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.

6 STOCKS

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

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1974 (CONTINUED)

7 CAPITAL RESERVES

Share premium account	280,000
General	<u>2,144,691</u>
Balance at 31 October 1974	<u>£2,424,691</u>

8 MORTGAGE DEBENTURES

	<u>Interest rate</u>	<u>1974</u>	<u>1973</u>
Repayable 1 September 1978	6½%	400,000	400,000
Repayable 31 October 1992	10 1/8%	<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.

9 COMMITMENTS FOR CAPITAL EXPENDITURE

	<u>1974</u>	<u>1973</u>
Committed at 31 October	73,000	44,000
Approved but not committed by the Board	<u>300,000</u>	<u>300,000</u>
	<u>£373,000</u>	<u>£344,000</u>

10 CONTINGENT LIABILITIES

There is no present intention of selling any of the properties revalued at 31 October 1972 and no provision has been made for any tax 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 amounts at that date the tax liability which might have arisen would not have exceeded £600,000.