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MOTORWAY SERVICES LIMITED

31 October 1981 .



## MOTORWAY SERVICES LIMITED

DIRECTORS' REPORT TO BE PRESENTED AT  
THE ANNUAL GENERAL MEETING OF THE COMPANY  
TO BE HELD ON 6 APRIL 1982

The Directors present herewith their Annual Report and Statement of Accounts for the year ended 31 October 1981.

### ACTIVITIES

The main activity of the Company was the operations of Travelodge Motels and motorway service areas.

### RESULTS

The profit before taxation for the year ended 31 October 1981 was £502,503.

### DIVIDEND

The Directors do not recommend payment of a dividend in respect of the year ended 31 October 1981.

### FIXED ASSETS

The transfer of the fifty year leases of the Motorway Service areas to the Company's immediate holding company, Trusthouse Forte Catering Limited, represents a significant change in the Company's fixed assets. Further details of fixed asset movements can be found in Note 6 to the accounts.

### HOLDING COMPANY

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

### DIRECTORS

The following persons were Directors of the Company during the year ended 31 October 1981:

Mr E Hartwell  
Mr GB Chiandetti  
Mr E Leyton  
Mr AJ Hearn  
Mr DF Mills

# MOTORWAY SERVICES LIMITED

DIRECTORS' REPORT TO BE PRESENTED AT  
THE ANNUAL GENERAL MEETING OF THE COMPANY  
TO BE HELD ON 6 APRIL 1982 (Continued)

## DIRECTORS' INTERESTS

The Directors who are not also Directors of Trusthouse Forte PLC, had interests in that company's share and loan capital as follows:

<u>Ordinary shares of 25p each</u>	<u>As at 1 November 1980</u>	<u>As at 31 October 1981</u>
Mr E. Leyton	18,864*	19,080
Mr AJ Hearn	Nil	Nil
Mr DF Mills	Nil	Nil

\* Adjusted for 1 for 2 scrip issue on 30 April 1981.

The undermentioned Directors are also Directors of Trusthouse Forte PLC and as such their interests in that company are not required to be recorded in this Company's Register of Directors' Interests:

Mr E Hartwell  
Mr GB Chiandetti

## 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

7 Hanover Square  
London  
W1R 0PS

6 April 1982

AUDITORS' REPORT TO THE MEMBERS OF  
MOTORWAY SERVICES LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of freehold and short leasehold properties, give under that convention a true and fair view of the state of the company's affairs at 31 October 1981 and of its profit for the year then ended and comply with the Companies Acts 1948 to 1981.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No 10.

*Price Waterhouse*

Chartered Accountants

6 April 1982

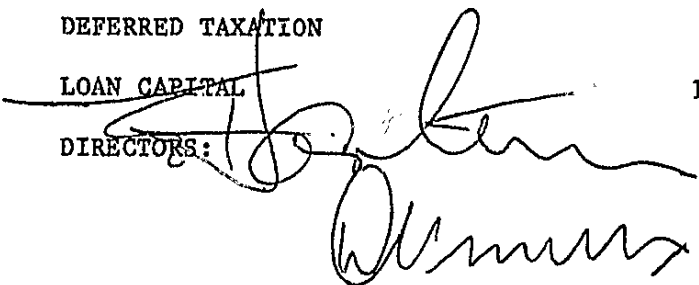
MOTORWAY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 1981

	Notes	1981	1980
TRADING RECEIPTS	1(1)	<u>£16,266,052</u>	<u>£16,963,094</u>
TRADING PROFIT	2	452,893	1,495,793
NET INTEREST RECEIVABLE/(PAYABLE)	4	<u>49,610</u>	<u>(5,164)</u>
PROFIT BEFORE TAXATION		502,503	1,490,629
TAXATION CHARGE	5	<u>(36,608)</u>	<u>(710,097)</u>
PROFIT AFTER TAXATION		465,895	780,532
PROFIT RETAINED AT BEGINNING OF YEAR		<u>2,363,833</u>	<u>1,583,301</u>
PROFIT RETAINED AT END OF YEAR		<u>£2,829,728</u>	<u>£2,363,833</u>

MOTORWAY SERVICES LIMITED

BALANCE SHEET AT 31 OCTOBER 1981

	Notes	1981	1980
FIXED ASSETS	6	7,150,732	9,928,766
CURRENT ASSETS			
Stocks		557,579	609,080
Debtors		285,920	478,642
Amounts due from group companies		-	204,337
Short term deposits		1,575,000	1,165,000
Bank balances and cash		2,633	28,624
		2,421,132	2,485,683
CURRENT LIABILITIES			
Creditors		45,894	4,299,379
Taxation		9,553	1,266,867
Amounts due to group companies		2,023,589	-
		2,079,036	5,566,246
NET CURRENT ASSETS/(LIABILITIES)		342,096	(3,080,563)
NET ASSETS		£7,492,828	£6,848,203
Representing:			
SHARE CAPITAL	7	60,000	60,000
RESERVES	8	6,610,916	5,977,169
SHAREHOLDERS' FUNDS		6,670,916	6,037,169
DEFERRED TAXATION	9	21,912	11,034
LOAN CAPITAL	10	800,000	800,000
DIRECTORS:			
			
<p>Approved by the Board of Directors on 6 April 1982</p>			
		£7,492,828	£6,848,203

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1981

1 ACCOUNTING POLICIES

(1) Trading receipts

Trading receipts represent the amount receivable for goods sold and services provided.

(2) Properties

Freehold 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.

(3) Depreciation

No depreciation is provided on freehold hotel properties. It is the company's practice to maintain the hotels in a continual state of sound repair and to extend and improve selected hotels from time to time and accordingly the directors consider that the lives of hotel buildings are so long and their residual values so high that their depreciation is insignificant. All properties held on leases of less than fifty years are amortised over the unexpired term.

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

Freehold properties (other than hotels)	1%
Plant and equipment	between 5% and 15%
Motor vehicles	25%

(4) 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.

(5) Stocks

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

# MOTORWAY SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 OCTOBER 1981 (Continued)

### (6) 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 will not 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.

### 2 TRADING PROFIT

Trading profit is stated after charging/(crediting):

	<u>1981</u> £	<u>1980</u> £
Depreciation and amortisation	212,702	195,043
Net loss/(gain) on disposal of fixed assets	200	(290)
Directors' emoluments (Note 3)	-	-
Auditors' remuneration	-	-
Hire of plant and machinery	22,394	16,533
Management charges	-	88,976
Concession rental	<u>617,812</u>	<u>134,500</u>

### 3 EMOLUMENTS OF DIRECTORS AND HIGHER PAID EMPLOYEES

None of the directors has received any emoluments and there were no employees in receipt of emoluments of £20,000 and above.

### 4 NET INTEREST RECEIVABLE/(PAYABLE)

	<u>1981</u>	<u>1980</u>
Interest payable on bank and other loans repayable within five years	-	(613)
Interest payable on other loans	(81,000)	(81,000)
Interest receivable	<u>130,610</u>	<u>76,449</u>
	<u>£49,610</u>	<u>£(5,164)</u>



MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1981 (Continued)

5

TAXATION CHARGE

The taxation charge, based on the profit for the year, is made up as follows:

	<u>1981</u>	<u>1980</u>
Corporation tax at 52% (1980 - 52%)	(280,795)	(839,537)
Relief for accelerated capital allowances	258,466	129,440
Group relief - current year	11,451	-
Under-provision in prior years	<u>(25,730)</u>	<u>-</u>
	<u>£(36,608)</u>	<u>£(710,097)</u>

Comprising:

Current taxation	(25,730)	(693,369)
Deferred taxation	<u>(10,878)</u>	<u>(16,728)</u>
	<u>£(36,608)</u>	<u>£(710,097)</u>

The corporation tax liability for 1981 has been reduced by the surrender of taxable losses from other Group companies for which no payment is required.

MOTORWAY SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1981 (Continued)

6 FIXED ASSETS

	<u>Land and buildings</u>		<u>Plant and equipment</u>	<u>Total</u>
	<u>Freehold</u>	<u>Leasehold Under 50 years</u>		
<u>Cost or valuation</u>				
At 1 November 1980	2,079,813	7,648,592	1,154,375	10,882,780
Additions	500	1,065,365	597,198	1,663,063
Disposals	-	-	(2,115)	(2,115)
Inter-group transfers	-	(4,396,247)	-	(4,396,247)
Revaluation surplus	167,852	-	-	167,852
At 31 October 1981	2,248,165	4,317,710	1,749,458	8,315,333
Accumulated depreciation and amortisation	49,433	679,421	435,747	1,164,601
Net book amount at 31 October 1981	<u>£2,198,732</u>	<u>£3,638,289</u>	<u>£1,313,711</u>	<u>£7,150,732</u>
<u>Analysis of cost or valuation</u>				
Year of valuation	1972	-	2,720,000	-
	1979	1,110,000	-	-
	1981	1,110,000	-	-
At valuation	2,220,000	2,720,000	-	4,940,000
At cost	28,165	1,597,710	1,749,458	3,375,333
Total at 31 October 1981	£2,248,165	£4,317,710	£1,749,458	£8,315,333

Certain of the Trusthouse Forte PLC Group's properties have been revalued in 1981 by the directors of the holding company, having taken appropriate independent professional advice, on an open market existing use basis.

7 SHARE CAPITAL

	<u>1981</u>	<u>1980</u>
60,000 shares of £1 each:		
Authorised, issued and fully paid	<u>£60,000</u>	<u>£60,000</u>

# MOTORWAY SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 OCTOBER 1981 (Continued)

### 8 RESERVES

Reserves in the balance sheet comprise:

	<u>1981</u>	<u>1980</u>
Share premium account	280,000	280,000
Capital reserve	3,501,188	3,333,336
Retained profit	<u>2,829,728</u>	<u>2,363,833</u>
	<u>£6,610,916</u>	<u>£5,977,169</u>

The movement on capital reserve is made up as follows:

At 1 November 1980	3,333,336
Surplus on revaluation of properties	<u>167,852</u>
At 31 October 1981	<u>3,501,188</u>

### 9 DEFERRED TAXATION

	<u>1981</u>		<u>1980</u>	
	<u>Amount provided in the accounts</u>	<u>Potential liability</u>	<u>Amount provided in the accounts</u>	<u>Potential liability</u>
Timing differences due to:				
Excess of capital allowances over depreciation	-	699,282	-	440,816
Stock appreciation relief	-	-	-	34,530
Other	<u>21,912</u>	<u>21,912</u>	<u>11,034</u>	<u>11,034</u>
	21,912	721,194	11,034	486,380
Estimated potential taxation if Company's properties are disposed of at their net book amounts	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>850,000</u>
	<u>£21,912</u>	<u>£1,380,814</u>	<u>£11,034</u>	<u>£1,336,380</u>

There is no present intention of selling any of the properties and capital gains on disposals are likely to be deferred by rollover relief.

# MOTORWAY SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 OCTOBER 1981 (Continued)

### 10 LOAN CAPITAL

	<u>Interest rate</u>	<u>1981</u>	<u>1980</u>
Secured mortgage debenture:			
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.

### 11 COMMITMENTS FOR CAPITAL EXPENDITURE

	<u>1981</u>	<u>1980</u>
Contracted	331,000	639,000
Authorised but not contracted	<u>-</u>	<u>-</u>
	<u>£331,000</u>	<u>£639,000</u>

### 12 ULTIMATE HOLDING COMPANY

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

### 13 TRADE DEBTORS AND TRADE CREDITORS

The company's trade debtor and creditor balances are maintained by a division of a fellow subsidiary, Forte & Co Limited, Popular and Motorway Division. The net amount is reflected in the intercompany balance and totalled £1,349,225.