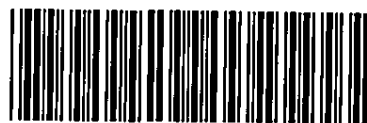


MOTORING & LEISURE SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

TUESDAY



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COMPANIES HOUSE

Motoring & Leisure Services Limited

Directors

D T Farns
C Fillery
M J Rothery
C J Slinn

Secretary and Registered Office

C J Slinn
Britannia House
Station Street
Brighton
BN1 4DE

Auditors

Moore Stephens LLP
Chartered Accountants and
Registered Auditor
Pnory House
Sydenham Road
Guildford
Surrey GU1 3RX

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2007

Review of Activities

The principal activities of the company are the provision to members of the parent company, The Civil Service Motoring Association Limited ("csma"), of services including roadside recovery, motoring and financial services, leisure properties and other benefits to its members. Some of these services are also provided to members of the public. The company also provides management and support services to csma and its subsidiary companies.

2007 was a very successful year for the company which saw significant activity in strategic acquisitions and disposals and progress with the strategy of investing in member benefits. At the end of 2007 net assets of the company were £21.9m compared to £6.1m at the end of 2006.

In 2006 the decision was taken to sell the Britannia Road Recovery business with the aim of securing a fair price for the business, continuing to ensure Britannia remains a long term benefit for csma members and allowing csma to have influence over the product offered. The board were delighted to achieve these objectives through the sale to Liverpool Victoria which was completed in May 2007. The sale of Beechgrove Hall was also completed in early 2008. In line with the strategic objectives of the company the sale proceeds will be used to ensure the company continues to have financial stability and there is a broad range of member benefits available for csma members. In 2007 there was a significant contribution to the defined benefit pension fund which has removed the pension deficit and, as a result, significantly increased the financial strength of the group. The property portfolio was also developed with the purchase of Wheel Farm which will provide members with a high quality, good value holiday destination and will complement the existing Leisure Properties owned by the group.

Motoring & Leisure Services Limited

Report of the Directors for the Year Ended 31 December 2007

continued

Review of Activities (continued)

Turnover in the year to December 2007 was 4% lower than in the year to December 2006 due mainly to the sale of Britannia and as a result of the very competitive market in the insurance and financial services industry which has resulted in a fall in the number of general insurance policies held by members. The board continues to develop strategy and to work very closely with our suppliers to counter this trend.

The management team have continued to reduce operating costs and increase the financial efficiency of the company. Operating result has improved from a loss of £68k in 2006 to a profit of £4.1m in 2007 whilst operating profit as a percentage of turnover was 18% compared to -0.3% in 2006. Tight cost management has resulted in operating costs reducing by 22% in the year.

Going forward the board will continue to focus on providing a broad range of benefits to csma members whilst ensuring there is a strong and efficient financial base for the company. The management team are working closely with our commercial partners in ensuring that quality benefits are offered at competitive rates which will help to counter the fierce competition in the insurance and road recovery sector.

Dividends

The directors do not recommend the payment of a dividend for the year.

Directors

The following directors have held office since 1 January 2007 up to the date of this report:

C. Fillery
C. J. Slinn

The following directors have resigned since 1 January 2007:

P. E. Denny (on 1 January 2008)
G. C. Lockwood (on 1 January 2008)
D. Sampson (on 1 January 2008)
C. Smith (on 1 January 2008)
M. D. Phillips (on 1 March 2008)
M. Oakley (on 1 May 2008)

The following directors have been appointed since 1 January 2007:

D. T. Farns (on 1 March 2008)
M. J. Rothery (on 12 May 2008)

Equal Opportunities

The company is committed to providing equality of opportunity for all of its employees and eliminating discrimination. We ensure that all applicants and employees receive equal treatment regardless of their race, gender, marital status, sexual orientation, age, religion or religious belief or disability. The company recognises and accepts its responsibility as an employer to promote Equal Opportunities and ensures that the principles of the policy are communicated and implemented accordingly.

Informing Employees

The company's policy is to achieve awareness on the part of all employees of matters likely to affect their interests. Information on such matters is given through information bulletins.

Motoring & Leisure Services Limited**Report of the Directors for the Year Ended 31 December 2007**

continued

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that he or she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The auditors, Moore Stephens LLP, have expressed their willingness to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be proposed at the forthcoming annual general meeting

By order of the Board



C J Slinn
Secretary

5 June 2008

Motoring & Leisure Services Limited**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent Auditors' Report to the Shareholders of Motoring & Leisure Services Limited

We have audited the financial statements of Motoring & Leisure Services Limited for the year ended 31 December 2007 set out on pages 6 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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).

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 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 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Prory House
Sydenham Road
Guildford
Surrey GU1 3RX

12 June 2008



Moore Stephens LLP
Registered Auditors
Chartered Accountants

Motoring & Leisure Services Limited

Profit and Loss Account for the Year Ended 31 December 2007

	Note	2007 £	2006 £
Turnover			
Continuing operations		17,141,027	17,050,657
Discontinued operations		<u>4,603,065</u>	<u>5,721,219</u>
		21,744,092	22,771,876
Cost of Sales		<u>(3,882,424)</u>	<u>(3,644,357)</u>
Gross Profit		17,861,668	19,127,519
Administrative Expenses		<u>(13,781,054)</u>	<u>(19,196,028)</u>
Operating Profit/(Loss)	4	<u>4,080,614</u>	<u>(68,509)</u>
Analysed between			
Continuing operations		1,027,224	(1,019,505)
Discontinued operations		<u>3,053,390</u>	<u>950,996</u>
		4,080,614	(68,509)
Profit on Disposal of Discontinued Operations	7	14,481,173	-
Profit on Disposal of Freehold Property		572,389	395,567
Interest Receivable and Similar Income	8	245,427	955,890
Interest Payable and Similar Charges	9	<u>(83,000)</u>	<u>(276,000)</u>
Profit on Ordinary Activities Before Taxation		19,296,603	1,006,948
Taxation	10	<u>(5,127,003)</u>	<u>(16,301)</u>
Profit on Ordinary Activities After Taxation		<u><u>14,169,600</u></u>	<u><u>990,647</u></u>

There is no material difference between the result for the year on an historical cost basis and that reported above

Motoring & Leisure Services Limited

Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2007

	Note	2007 £	2006 £
Retained profit for the year		14,169,600	990,647
Actuarial gain on pension scheme		2,314,000	801,000
Deferred tax on actuarial gain		(694,200)	(240,300)
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		<u>15,789,400</u>	<u>1,551,347</u>

Motoring & Leisure Services Limited

Balance Sheet at 31 December 2007

	Note	£	2007 £	£	2006 £
Fixed Assets					
Intangible Assets	12		42,000		1,163,549
Tangible Assets	13		16,153,771		14,951,617
Investments	14		200		200
			<u>16,195,971</u>		<u>16,115,366</u>
Current Assets					
Stocks	15	81,942		98,333	
Debtors	16	6,134,497		10,569,310	
Investments	17	-		8,566,141	
Cash at Bank and in Hand		27,135,820		1,610,510	
			<u>33,352,259</u>	<u>20,844,294</u>	
Creditors Amounts Falling Due Within One Year	18	(7,294,098)		(5,242,536)	
Net Current Assets			<u>26,058,161</u>	<u>15,601,758</u>	
Total Assets Less Current Liabilities			<u>42,254,132</u>	<u>31,717,124</u>	
Creditors Amounts Falling Due After More Than One Year	19		(20,513,531)	(20,776,354)	
Provisions for Liabilities	20		-	(184,069)	
			<u>21,740,601</u>	<u>10,756,701</u>	
Pension Asset / (Liability)	11		219,800	(4,585,700)	
			<u>21,960,401</u>	<u>6,171,001</u>	
Capital and Reserves					
Called Up Share Capital	21		12,600,100	12,600,100	
Merger Reserve	22		8,140,364	7,272,792	
Revaluation Reserve	22		2,160,645	2,184,407	
Pension Reserve	22		219,800	(4,585,700)	
Profit and Loss Account	22		(1,160,508)	(11,300,598)	
Shareholder's Funds			<u>21,960,401</u>	<u>6,171,001</u>	

Approved by the Board on 5 June 2008


 C. Fillery
 Director

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with applicable accounting standards

Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of The Civil Service Motoring Association Limited

Turnover

Turnover includes the allowed percentage of gross premiums to meet the expenses of claims handling, adjusted to reflect the value of the claims handling fee unearned at the year end and, in respect of other services, amounts earned from customers excluding Value Added Tax

Intangible Fixed Assets

Intangible fixed assets are stated at cost and amortised on a straight line basis over the following periods

Development Costs - 4 Years

Goodwill - 3 Years

Intangible fixed assets are capitalised where it is expected that future revenues will exceed costs incurred and amortised over the period during which the company is expected to benefit from them.

Tangible Fixed Assets

Freehold property occupied by group undertakings is stated at professional valuation, on an existing use basis, less accumulated depreciation

Other freehold property is classed as investment property and included at valuation by the directors, on an open market basis, and not depreciated. This represents a departure from the requirements of the Companies Act 1985 in respect of the depreciation of fixed assets. The directors consider that this departure is necessary in order that the financial statements give a true and fair view of the state of affairs of the company. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been charged cannot be separately identified or quantified

Land and Buildings freehold

Land	no depreciation
Buildings	2% - 4% per annum on cost
Fixtures, Fittings & equipment	6% - 33% per annum on cost
Motor vehicles	25% per annum on cost

No depreciation is provided in respect of the exhibits at the Cotswold Motor Museum, as the residual value of these assets is expected to exceed their current book value

Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of stocks is calculated on a first in first out basis.

Deferred Taxation

Full provision is made for deferred taxation as a result of timing differences between the recognition of income or expenses in the financial statements and their treatment for tax purposes. Liabilities are calculated on the basis of the rates at which the timing differences are estimated to reverse under current legislation

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

Investments

Investments in group undertakings are held as fixed assets and stated at cost less amounts written off

Pension Costs

The group operates both defined contribution and defined benefit pension schemes

Contributions payable in the year to the defined contribution pension schemes are charged to operating profit in the group profit and loss account

A full actuarial valuation of the defined benefit scheme is carried out every three years and updated to 31 December each year by an independent qualified actuary. The difference between the market value of the scheme's assets and the present value of the liabilities is included in the company's balance sheet as an asset (to the extent that it is recoverable through reduced future contributions) or a liability, net of recoverable deferred tax.

The cost for the year of accruing pension benefits (the current service cost) is charged to operating profit and the expected return on the scheme's assets less the interest cost on the liabilities is credited (or charged) to other finance income (or costs), in the company's profit and loss account. Differences between the expected and actual returns on the scheme's assets and any changes in the scheme's liabilities due to experience or changes in actuarial assumptions are recognised in the company's statement of total recognised gains and losses.

2 Analysis of Operations

	£	2007 £	£	2006 £
Turnover				
Continuing operations	17,141,027		17,050,657	
Discontinued operations	<u>4,603,065</u>		<u>5,721,219</u>	
		21,744,092		22,771,876
Cost of Sales				
Continuing operations	<u>3,882,424</u>		<u>3,644,357</u>	
		<u>(3,882,424)</u>		<u>(3,644,357)</u>
Gross Profit				
Continuing operations	13,258,603		13,406,300	
Discontinued operations	<u>4,603,065</u>		<u>5,721,219</u>	
		17,861,668		19,127,519
Administrative Expenses				
Continuing operations	12,231,379		14,425,805	
Discontinued operations	<u>1,549,675</u>		<u>4,770,223</u>	
		<u>(13,781,054)</u>		<u>(19,196,028)</u>
Operating Profit				
Continuing operations	1,027,224		(1,019,505)	
Discontinued operations	<u>3,053,390</u>		<u>950,996</u>	
		<u>4,080,614</u>		<u>(68,509)</u>

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

3 Segmental Information

Turnover is wholly attributable to the company's principal activities undertaken wholly in the United Kingdom

The turnover of the company can be analysed between the following segments

	2007	2006
	£	£
Member Services	7,161,636	6,665,595
Road Rescue	5,878,749	6,334,665
Leisure Property Income	3,839,880	4,669,759
Management Charge Income	4,863,827	5,101,857
	<u>21,744,092</u>	<u>22,771,876</u>

4 Operating Profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	826,891	980,473
Amortisation of intangible assets	235,534	535,847
Operating lease charges - land & buildings	21,027	62,188
Operating lease charges - other assets	95,459	125,074
Auditors' remuneration - audit	71,158	66,911
Auditors' remuneration - other	57,317	92,494
	<u> </u>	<u> </u>

5 Directors' Emoluments

	2007	2006
	£	£
Directors' emoluments	688,492	586,699
Pension costs	22,474	6,701
	<u>710,966</u>	<u>593,400</u>

1 (2006 - 1) director was a member of the defined benefit pension scheme and 3 (2006 - 3) were members of the defined contribution scheme

During the year amounts of £nil (2006 - £191,869) were paid to directors as compensation for loss of office

The emoluments of the highest paid director were £369,759 (2006 - £161,651)

At the end of the year, the highest paid director's accrued pension was £24,334 (2006 - £21,511) and accrued lump sum was £113,658 (2006 - £89,414)

Motoring & Leisure Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2007**

continued

6 Staff Costs

Staff costs, excluding costs relating to directors, were as follows

	2007 £	2006 £
Wages and Salaries	4,691,852	6,754,439
Social Security Costs	498,724	622,140
Pension Costs	929,290	904,694
	<u>6,119,866</u>	<u>8,281,273</u>

The average monthly number of employees was 259 (2006 - 335).

All of the company's employees work in the provision of services to members of CSMA and to the public

7 Profit on Disposal of Discontinued Operations

On 17 May 2007 the company sold the trade and assets of its Britannia road recovery business to Liverpool Victoria General Insurance Group Limited for gross proceeds of £18 million. The profit on disposal is recorded after deducting the book value of the assets disposed of and costs relating to the sale.

8 Interest Receivable and Similar Income

	2007 £	2006 £
Bank Interest	644,210	65,515
Other interest	37	96,854
(Loss) / profit on disposal of investments	<u>(398,820)</u>	<u>793,521</u>
	<u>245,427</u>	<u>955,890</u>

9 Interest Payable and Similar Charges

	2007 £	2006 £
Finance costs relating to the pension scheme	<u>83,000</u>	<u>276,000</u>

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

10 Taxation

	2007 £	2006 £
UK Corporation Tax - Current Year	4,697,359	-
UK Corporation Tax - Adjustment to Prior Years	14,269	(57,084)
Receipts in Respect of Group Relief	-	(120,230)
	<u>4,711,628</u>	<u>(177,314)</u>
Deferred Taxation	415,375	193,615
	<u>5,127,003</u>	<u>16,301</u>

The tax assessed for the year differs from the standard rate of tax as follows

	2007 £	2006 £
Profit on ordinary activities before tax	<u>19,296,603</u>	<u>1,006,948</u>
Profit on ordinary activities at standard rate of tax 30% (2006 - 30%)	5,788,981	302,084
Expenses not deductible for tax purposes	117,510	324,238
Capital items expensed	7,125	8,099
Fixed asset profit on disposal	(129,391)	(119,722)
Capital allowances in excess of depreciation	160,145	160,581
Timing differences on pension contributions	(553,709)	(176,100)
Transfer pricing adjustment	(450,254)	(614,485)
Effects of group relief	-	120,230
Tax losses brought forward	<u>(243,048)</u>	<u>(4,925)</u>
Current tax charge for the year	<u>4,697,359</u>	<u>-</u>

The company has tax losses of nil (2006 - nil) carried forward for relief against future trading profits

No deferred taxation has been provided in relation to the revaluation of the company's freehold property in respect of which there is no binding sale agreement

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

11 Pension Schemes

The company operates defined contribution and defined benefit schemes for its employees

The profit and loss account charge in respect of the defined contribution pension schemes represents the contributions payable in the year. The charge for the year was £84,378 (2006 - £66,615)

The Civil Service Motoring Association Limited Pension & Life Assurance Scheme is a funded defined benefit scheme, the assets of which are held separately from those of the employer and are managed by Trustees. A full actuarial valuation was carried out at 31 December 2004 and updated to 31 December 2007 by an independent qualified actuary. The major assumptions used by the actuary were (in nominal terms)

	2007 %	2006 %	2005 %
Rate of increase in salaries	5.30	5.00	4.80
Rate of increase of pensions in payment where these are guaranteed to increase in line with inflation subject to the maximum of 5% per annum	3.30	3.00	2.80
Rate of increase of pensions in deferment	3.30	3.00	2.80
Discount rate	5.70	5.00	4.75
Inflation assumption	3.30	3.00	2.80

The assets in the scheme and the expected rate of return (net of expenses) were

	2007		2006		2005	
	%	£'000's	%	£'000's	%	£'000's
Equities	6.80	9,437	6.90	6,992	6.40	6,869
Bonds	4.60	11,772	4.70	8,226	4.20	6,152
Cash	5.50	52	4.80	221	4.30	397
Total market value of assets		21,261		15,439		13,418
Actuarial value of liability		(20,947)		(21,990)		(21,357)
Recoverable surplus/(deficit) in the scheme		314		(6,551)		(7,939)
Related deferred tax (liability)/asset		(94)		1,965		2,382
Net pension asset/(liability)		220		(4,586)		(5,557)

Analysis of the amount charged to operating profit.

	2007 £'000's	2006 £'000's
Service cost	477	805
Past service cost	375	-
Total operating charge	852	805

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

Analysis of net return on pension scheme

	2007 £'000's	2006 £'000's
Expected return on pension scheme assets	1,022	743
Interest on pension liabilities	(1,105)	(1,019)
Net return	<u>(83)</u>	<u>(276)</u>
Refund of unrecognised surplus	-	-
Other finance costs	<u>(83)</u>	<u>(276)</u>

Analysis of amount recognised in the statement of total recognised gains and losses

	2007 £'000's	2006 £'000's
Actual return less expected return on assets	(61)	237
Experience gains and losses on liabilities	28	-
Changes in assumptions	2,347	564
Net return	<u>2,314</u>	<u>801</u>
Adjustment due to surplus cap	-	-
Net gain recognised	<u>2,314</u>	<u>801</u>

Movement in deficit during the year

	2007 £'000's	2006 £'000's
Deficit in scheme at beginning of year	(6,551)	(7,939)
Movement in year		
Current service cost	(477)	(805)
Contributions	5,486	1,668
Past service costs	(375)	-
Other finance costs	(83)	(276)
Actuarial gain	2,314	801
Surplus/(deficit) in scheme at end of year	<u>314</u>	<u>(6,551)</u>
Related deferred tax (liability)/asset	(94)	1,965
Pension asset/(liability) at end of year net of deferred tax	<u>220</u>	<u>(4,586)</u>

The actuarial investigation showed a decrease in the deficit from £6,551,000 as at 31 December 2006 to a surplus of £314,000 as at 31 December 2007

The employer's pension contributions in the year to 31 December 2007 were £5,486,000 (2006 - £1,668,000). Employer's contributions are being paid at the agreed rate of 26% of pensionable salaries. In addition, a special contribution of £4.7 million was received during the year on the reorganisation of the business. As the scheme is closed to new members, the average age of members is expected to increase and the service cost will increase as a percentage of the pensionable salary.

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

History of experience gains and losses:

	2007	2006	2005	2004	2003
Difference between expected and actual return on scheme assets					
Amount (£'000's)	(61)	237	1,162	400	149
Percentage of scheme assets	-	2%	9%	4%	2%
Experience gains and losses on scheme liabilities					
Amount (£'000's)	28	-	385	319	(652)
Percentage of scheme assets	-	-	2%	2%	-4%
Total amount recognised in statement of total recognised gains and losses					
Amount (£'000's)	2,314	801	(2,329)	377	(1,657)
Percentage of scheme assets	11%	4%	-11%	2%	-11%

The movement in the pension asset/(liability) (net of attributable deferred taxation) during the year was as follows

	£
At 1 January 2007	(4,585,700)
Movement recognised in the profit and loss account	3,185,700
Movement recognised in the statement of total recognised gains and losses	<u>1,619,800</u>
At 31 December 2007	<u><u>219,800</u></u>

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

12 Intangible Fixed Assets

	Goodwill £	Development Costs £	Total £
Cost			
At 1 January 2007	-	2,366,003	2,366,003
Additions	42,000	117,486	159,486
Disposals	-	(2,483,489)	(2,483,489)
	<u>42,000</u>	<u>-</u>	<u>42,000</u>
At 31 December 2007	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Amortisation			
At 1 January 2007	-	1,202,454	1,202,454
Amortisation for the year	-	235,534	235,534
Disposals	-	(1,437,988)	(1,437,988)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value			
At 31 December 2007	<u>42,000</u>	<u>-</u>	<u>42,000</u>
At 1 January 2007	<u>-</u>	<u>1,163,549</u>	<u>1,163,549</u>

Goodwill arises on the acquisition of Wheel Farm Country Cottages. The values of the assets acquired were as follows

	£
Freehold land and buildings	1,676,246
Fixtures, fittings and equipment	31,754
Purchased goodwill	42,000
Legal and professional fees	10,447
	<u>1,760,447</u>

Development costs comprised costs incurred in the development of bespoke computer software

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

13 Tangible Fixed Assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost (or valuation)					
At 1 January 2007	16,496,052	69,709	7,166,673	313,949	24,046,383
Additions	1,689,045	-	659,616	-	2,348,661
Disposals	(1,266,168)	-	(596,591)	(202,351)	(2,065,110)
At 31 December 2007	<u>16,918,929</u>	<u>69,709</u>	<u>7,229,698</u>	<u>111,598</u>	<u>24,329,934</u>
Depreciation					
At 1 January 2007	2,212,544	57,836	6,549,270	275,116	9,094,766
Depreciation for the year	466,786	2,491	340,271	17,343	826,891
Released on disposal	(1,016,168)	-	(540,959)	(188,367)	(1,745,494)
At 31 December 2007	<u>1,663,162</u>	<u>60,327</u>	<u>6,348,582</u>	<u>104,092</u>	<u>8,176,163</u>
Net Book Value					
At 31 December 2007	<u>£15,255,767</u>	<u>£9,382</u>	<u>£881,116</u>	<u>£7,506</u>	<u>£16,153,771</u>
At 1 January 2007	<u>£14,283,508</u>	<u>£11,873</u>	<u>£617,403</u>	<u>£38,833</u>	<u>£14,951,617</u>

The net book value of land and buildings is split as follows

	2007 £	2006 £
Freehold	<u>15,255,767</u>	<u>14,283,508</u>

Included within the land and buildings held by the company is freehold property classed as investment property. This has an historic cost of £702,345 (2006 - £1,968,513) and is included in the balance sheet at valuation by the directors at the balance sheet date, on an open market basis, at £702,345 (2006 - £952,345). During the year the company sold Beechgrove Hall, Manby, Lincolnshire at a profit of £572,389 after deducting the book value of the property and costs relating to the sale.

The remaining land and buildings held by the company comprise freehold properties with a depreciated historic cost of £12,522,182 (2006 - £11,253,800), of which properties with a depreciated historic cost of £10,835,489 were valued on an existing use basis on 3 March 2006 by Savills and on 9 March 2006 by Knight Frank at £14,050,000 and £13,965,000 respectively. Each property is included in the balance sheet at the average of the two valuations adjusted for subsequent expenditure capitalised and depreciation charged.

The directors consider that there has been no material change to the value of the properties and that therefore no revaluation in this period is necessary as the carrying value in the financial statements does not differ materially from the market value.

Motoring & Leisure Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2007**

continued

14 Fixed Asset Investments

	Shares in Group Undertakings £
Cost	
As at 1 January 2007 & 31 December 2007	<u>300</u>
Impairment	
As at 1 January 2007 & 31 December 2007	<u>100</u>
Net Book Value	
As at 31 December 2007	<u>200</u>
As at 1 January 2007	<u>200</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of Registration or incorporation	Principal Activity	Shares held Class	%
CSMA Rescue Limited	Great Britain	Dormant	Ordinary	100
CSMA Recovery Services Limited	Great Britain	Dormant	Ordinary	100
CSMA Leisure Properties Limited	Great Britain	Dormant	Ordinary	100

The aggregate amounts of capital and reserves of these undertakings for the last financial year were as follows

	Capital and Reserves	Profit for Year
CSMA Rescue Limited	100	-
CSMA Recovery Services	100	-
CSMA Leisure Properties Limited	(8,140,264)	-

Motoring & Leisure Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2007**

continued

15 Stocks

	2007 £	2006 £
Consumables	27,714	44,690
Goods for Resale	54,228	53,643
	<u>81,942</u>	<u>98,333</u>

16 Debtors

	2007 £	2006 £
Trade Debtors	1,175,789	3,081,167
Group Balances	2,229,705	4,519,639
Other Debtors	826,984	2,665,895
Deferred Tax Asset (see note 20)	765,856	-
Prepayments and Accrued Income	1,136,163	302,609
	<u>6,134,497</u>	<u>10,569,310</u>

No date has been set for the repayment of amounts owed by group undertakings

17 Current Asset Investments

	2007 £	2006 £
Listed Investments	<u>-</u>	<u>8,566,141</u>

The market value of listed investments is nil (2006 - £8,601,870)

The company has realised its current asset investments, the proceeds of which are currently held as cash on term deposit

18 Creditors: Amounts Falling Due Within One Year

	2007 £	2006 £
Bank Overdrafts	478,314	309,435
Trade Creditors	1,185,570	2,706,011
Corporation Tax	1,861,572	-
Other Taxation and Social Security	90,705	211,775
Other Creditors	1,532,300	9,000
Accruals and Deferred Income	2,145,637	2,006,315
	<u>7,294,098</u>	<u>5,242,536</u>

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

19 Creditors: Amounts Falling Due After More Than One Year

	2007 £	2006 £
Amounts Owed to Group Undertakings	17,117,526	17,135,353
Accruals and Deferred Income	<u>3,396,005</u>	<u>3,641,001</u>
	<u>20,513,531</u>	<u>20,776,354</u>

No date has been set for the repayment of amounts owed to group undertakings

20 Provisions for Liabilities

Deferred tax provided in the accounts, and the maximum potential liability, are

	2007 £	2006 £
Accelerated Capital Allowances	63,253	184,069
Short Term Timing Differences	<u>(829,109)</u>	<u>-</u>
	<u>(765,856)</u>	<u>184,069</u>

The movement in the deferred tax provision during the year was as follows

	£
At 1 January 2007	184,069
Movement recognised in the profit and loss account	<u>(949,925)</u>
At 31 December 2007	<u>(765,856)</u>

21 Share Capital

	2007 £	2006 £
Authorised		
12,600,100 Ordinary Shares of £1 each	<u>12,600,100</u>	<u>12,600,100</u>
	2007 £	2006 £
Allotted, Called Up and Fully Paid		
12,600,100 Ordinary Shares of £1 each	<u>12,600,100</u>	<u>12,600,100</u>

Motoring & Leisure Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

22 Reserves

	Merger Reserve £	Revaluation Reserve £	Pension Reserve £	Profit and Loss Account £	Total £
At 1 January 2007	7,272,792	2,184,407	(4,585,700)	(11,300,598)	(6,429,099)
Result for the year	-	-	-	14,169,600	14,169,600
Transfer on disposal of Britannia road recovery business	867,572	-	-	(867,572)	-
Transfer on depreciation of revalued assets	-	(23,762)	-	23,762	-
Actuarial gain	-	-	-	2,314,000	2,314,000
Deferred tax on actuarial gain	-	-	-	(694,200)	(694,200)
Movement in pension reserve	-	-	4,805,500	(4,805,500)	-
At 31 December 2007	<u>8,140,364</u>	<u>2,160,645</u>	<u>219,800</u>	<u>(1,160,508)</u>	<u>9,360,301</u>

23 Reconciliation of Movements in Shareholders' Funds

	2007 £	2006 £
Profit for the financial year	14,169,600	990,647
Actuarial gain	2,314,000	801,000
Deferred tax on actuarial gain	(694,200)	(240,300)
	<u>15,789,400</u>	<u>1,551,347</u>
Opening Shareholders' Funds	<u>6,171,001</u>	<u>4,619,654</u>
Closing Shareholders' Funds	<u>21,960,401</u>	<u>6,171,001</u>

24 Commitments

The company has received advance commission from Liverpool Victoria Friendly Society Limited, repayable by deduction of £300,000 per annum from future commissions until 31 December 2027. The present value of this sum is included within deferred income.

The company is paying pension contributions at the agreed rate of 26.0% p.a. of pensionable salaries. The difference between the market value of the scheme's assets and the present value of the liabilities is included in the group's balance sheet as an asset, net of related deferred tax.

The company's commitments under operating leases for the next year are for leases expiring

	Other Leases £
Within two to five years	<u>40,708</u>

Motoring & Leisure Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2007**

continued

25 Related Parties and Control

The parent and ultimate controlling party of Motoring & Leisure Services Limited is The Civil Service Motoring Association Limited, which holds all of the company's share capital

The Civil Service Motoring Association Limited holds 50% of the share capital of Lynfold Limited, which is therefore a related party of Motoring & Leisure Services Limited

Included within other debtors at the year end are amounts totalling £227,410 (2006 - £227,410) due from Lynfold Limited

As a wholly owned subsidiary of a group which publishes group financial statements, the company has taken advantage of the exemption, in paragraph 3 of FRS 8, from the requirement to disclose transactions and balances with companies 90% or more of whose voting rights are controlled within the group

Copies of the group financial statements can be obtained from the registered office