

Company registration number 02813598 (England and Wales)

MOTORING & LEISURE SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



MOTORING & LEISURE SERVICES LIMITED

COMPANY INFORMATION

Directors	D P Burdett	(Appointed 21 October 2022)
	D G Milton	
	G O'Sullivan	(Appointed 24 June 2022)
	L M Parrott	
	C J Slinn	
	P J Worster	
Secretary	L M Parrott	
Company number	02813598	
Registered office	Britannia House 21 Station Street Brighton BN1 4DE	
Auditor	Moore (South) LLP Priory House Pilgrims Court Sydenham Road Guildford Surrey GU1 3RX	

MOTORING & LEISURE SERVICES LIMITED

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MOTORING & LEISURE SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

The planned focus for the year had been to continue to grow member value and income as we retained and attracted new members and partners whilst growing our Leisure business. Underlying operating profit, before one off items, was £0.4m. Cash and cash investments increased from £12.0m at the end of 2021 to £12.5m as the company protected its liquidity position. This included the sale of a leisure property that was no longer compatible with our strategy.

Financial Performance

Turnover increased from £13.9m in 2021 to £16.7m in 2022. This was mainly due to the favourable performance of our Leisure properties as they were able to successfully operate for the full year. Leisure income increased from £6.9m in 2021 to £9.0m in 2022.

General Insurance and product commission decreased by £0.1m as the insurance market for home and motor was disrupted following FCA pricing changes, however, advertising revenue from our magazine remained on par with 2021.

A further settlement of a Covid-19 related insurance claim generated £0.4m of additional income helping to partially offset the adverse impact of the pandemic on the prior year.

Once one-off costs incurred in 2021 and 2022 are removed, such as removing provisions no longer required, the underlying costs were higher than 2021 by £2.0m. This primarily reflects a full year of operating costs in leisure properties following partial closure in 2021 due to Covid-19 lockdowns, together with higher energy costs and rising inflation. There has also been increased investment in member benefits and marketing and promotion. Reduction of the cost base remains a priority.

The value of investments fell by £0.5m during 2022 following economic uncertainty and severe fluctuations in the financial markets. Whilst this is outside the Association's control, the investment policy has been reviewed and steps to mitigate any such movements in the future have been implemented.

Following the sale of a leisure property, the overall reported profit before tax increased from £1.4m 2021 to £1.6m in 2022.

The company's overall financial position remains strong. The assets of the company increased from £24.0m in 2021 to £24.1m in 2022 and the overall cash liquidity remains high.

Our people's engagement and overall satisfaction with their work and work environment are the key fundamentals that impact and influence employees' output and performance in their roles, which then directly feeds into the performance of the business. Employee well-being and the development of our culture remained key strategic drivers for the company in 2022. We continue to receive positive employee feedback on our efforts to create a working environment and culture that is supportive, inclusive and collaborative, where people feel listened to, respected and valued and have different opportunities to grow and develop professionally. We work within a hybrid working environment offering staff flexibility over their working arrangements wherever possible.

The company continues to look to review the property portfolio to ensure there are high quality destinations available to all our members to visit and which offer a fair return on investment. Our aim is to ensure that properties provide a significant benefit to the overall membership. Properties that do not offer sufficient scale or are loss-making have been sold.

The company will also continue to ensure it operates efficiently in a secure and compliant manner. Our overall risk management has been strengthened through successful implementation of Disaster Recovery and Business Continuity processes that enabled the business to continue to operate despite previous lockdown restrictions.

Long Term Aims

The long term aims of the company are to have a sustainable business and to provide experiences that will enable our current and future members to make the most of their spare time. We also continue to provide benefits of quality and value that are supplied by the Association directly or by our trusted partners. Underlying these aims is a commitment to the member communities and the club structure that supports them. The long term aim is to invest in assets that will enhance member experiences whilst providing a good commercial return.

MOTORING & LEISURE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Significant Risks

The Covid-19 pandemic provided some significant challenges with regards to staff illness and its associated impact in 2021 and 2020, which was particularly true in the Leisure part of our business. We do not envisage a return to lockdown but are well prepared in case this were to happen.

The current economic environment remains uncertain, with high inflationary pressures being felt, notably in the areas of energy and food costs. We anticipate further upward pressure on costs as a result of a combination of the after effects of Covid-19, Brexit and the war in Ukraine. The combined strength of our membership, our ability to provide relevant benefits, a sense of community and our balance sheet leaves us in a strong position.

Alongside all other commercial and regulatory risks, the defined benefit pension scheme continues to present a risk, although the latest valuation of the fund continues to show a surplus as opposed to the large deficits of previous years and our requirement to contribute cash annually to reduce any deficit has now ceased.

The board and management invest significant time and effort in managing and monitoring all risks through well-defined processes, such as strategic risk monitoring, an Audit and Risk Committee and utilisation of specialist risk management resources.

In order to provide a stable return and security for the company's cash assets, an investment mandate is in place that ensures funds are in low risk UK bank accounts or third party managed funds that offer potentially higher returns than cash deposits. Investments in property assets are held which provide a member benefit through provision of high quality and good value leisure properties.

The board and management have invested significant time in managing the business to be well placed in terms of income diversification, cash liquidity and operational efficiency to minimise the overall risk.

Section 172 statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members as a whole and have regard (amongst other matters) to:

- a. The likely consequence of any decision in the long term
 - As highlighted under Financial Performance
- b. The interests of the company's employees
 - As highlighted under Financial Performance and Directors' report – Employee Involvement
- c. The need to foster the company's business relationships with suppliers, customers and others
 - The Board seek to understand the respective interests of our key stakeholder groups so that these may be properly considered in the Board's decisions.
 - i. Our members are at the heart of everything we do and they are discussed further under Financial Performance and Long Term Aims.
 - i. Our suppliers are relied upon to help deliver an exciting proposition to our members and our suppliers rely on us to generate revenue and employment for them.
 - ii. For our regulators, see section (e) below
- d. The impact of the company's operations on the community and the environment
 - As highlighted under SECR report
- e. The desirability of the company maintaining a reputation for high standards of business conduct
 - We seek to enjoy a constructive and cooperative relationship with the bodies that authorise and regulate our business activities. This helps us to maintain a reputation for high standards of business conduct. They expect us to comply with applicable laws, regulations and licence conditions.
- f. The need to act fairly as between members of the company
 - As highlighted under Financial performance

MOTORING & LEISURE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board



.....
C J Slinn

Director

Date: 19 APRIL 2023.....

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the company are the provision of motoring, financial services and other benefits to members of the parent company, The Civil Service Motoring Association Limited ("CSMA"). The company also owns and manages leisure properties which are offered at a discount to subscribing members of CSMA.

The company provides management and support services to CSMA.

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D P Burdett	(Appointed 21 October 2022)
T J Howe	(Resigned 20 October 2022)
D G Milton	
G O'Sullivan	(Appointed 24 June 2022)
L M Parrott	
C J Slinn	
A C Thurbon	(Resigned 23 June 2022)
P.J Worster	

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to eight day's purchases, based on the average daily amount invoiced by suppliers during the year.

Disabled persons

The company has an equal opportunities approach to all recruitment, promotion and learning and development activity. It also strives to provide a working environment where all employees are treated with dignity and respect.

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Employee involvement

The Association is committed to providing equality of opportunity for all its employees and to 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 beliefs or disability. The Association 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.

The company communicates with its employees regularly through a number of different channels to ensure engagement with the company objectives and the role they have to play in achieving these. The focus is on promoting two way communication and to support this the Group Chief Executive conducts quarterly employee briefings with supplementary information being provided through team briefings and the company intranet.

Employees are actively involved in the development of new initiatives and in the changes that impact upon them and their departments.

Auditor

The auditor, Moore (South) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Energy and carbon report

Motoring & Leisure Services Ltd (the "company"), is a large enterprise, qualifying for Streamline Energy & Carbon Reports ("SECR") reporting with the number of employees in excess of 250, and with balance sheet assets of £18m or more.

The company is incorporated in the UK under the name Motoring & Leisure Services Limited, having company number 02813598, with a registered address at Britannia House, 21 Station Street, Brighton, BN1 4DE.

The organisational boundary for the purposes of SECR reporting is the extent of financial control of the company across the mandatory scope 1 and scope 2 emissions.

Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the company.

Reporting period

The SECR reporting period is coincident with the financial year reporting period between 1st January 2022 and 31st December 2022.

Energy consumption

Activity	Scope	2022				2021			
		Volume	Conv Factor	tCO ₂ e	% of total	Volume	Conv Factor	tCO ₂ e	% of total
Electricity	2	2,269,922k Wh	0.19338	438.958	30.47%	2,356,061k Wh	0.21233	507.241	37.37%
Gas	1	2,610,989k Wh	0.18254	476.610	33.09%	2,284,786k Wh	0.18316	418.481	30.83%
Kerosene	1	0L	2.54013	0.000	0.00%	800L	2.54014	2.032	0.15%
LPG	1	332,875L	1.55709	518.316	35.98%	264,817L	1.55709	412.344	30.38%
Heating Oil	1	500L	2.75857	1.379	0.10%	4,100L	2.75857	11.310	0.83%
Business Mileage	1	8,499miles	0.27492	2.337	0.16%	21,228miles	0.27596	5.858	0.43%
Unleaded Petrol	1	169L	2.16185	0.366	0.03%	0L		0.000	0.00%
Diesel	1	987L	2.55784	2.524	0.18%	60L	2.51233	0.150	0.01%
Total tCO ₂ e				1,440.5				1357.4	

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Reporting methodology

Energy data has been collected by the company staff from the invoices and other data issued by suppliers, meter records taken by staff members, and from the expenses accounting system for staff mileage and other fuel purchases.

The conversion factor for kWh of energy to kgCO₂e and miles travelled to kgCO₂e have been taken from the government published data for 'Greenhouse gas reporting: conversion factors 2022' at the Internet web address

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083854/ghg-conversion-factors-2022-condensed-set.xls

Intensity measurement

It has been decided that the average number of employees has been taken as the most consistent year on year measure for annual energy comparisons. The number of employees reported for 2022 is 260 (233 in 2021)

The company employee intensity ratio is therefore: 5.540tCO₂e per employee (5.826tCO₂e/emp. 2021).

The slight decrease in the intensity ratio is due to a increase in staff numbers and the removal of a number of properties from the portfolio in 2022.

Activities to reduce emissions

The company policy is that the employee intensity ratio is reduced each year. The board has engaged to start a journey to complete the BSI PAS2060 standard, with sustainability being set as part of the Strategic Change Programme.

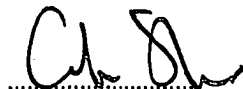
Additionally activities included:

- The remaining lights at head office have been replaced with LEDs
- Roof works at head office have been conducted, increasing the insulation of the building
- Investment in energy efficient appliances
- A plan has been put in place to reduce how much office is needed now flexible working arrangements have been implemented.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



C J Slinn
Director

Date: 19 APRIL 2023

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

Opinion

We have audited the financial statements of Motoring & Leisure Services Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- The engagement partner selected a team for the audit, led by persons who had prior knowledge of the client and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning and ongoing review, including due to fraud, management override was identified as a significant fraud risk from our assessment. This is due to the ability to bypass controls and disclosure requirements.
- Completeness of commission income was identified as a significant risk to the audit, as the income is collected by a third party and then paid over.
- The valuation of the pension surplus / deficit was also identified as a significant risk due to the choice of key parameters utilised, which can have a significant effect on the value calculated and recorded.
- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation. We considered how the company complies with these requirements by discussions with management and those charged with governance.
- We enquired of management and those charged with responsibility for ensuring compliance is adhered to, as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls testing, where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities were discussed with management and additional corroborative evidence was obtained as required.
- We obtained an understanding and assessed the impact of Covid-19 on the operations of the company and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption in the preparation of the financial statements, reviewed support received through various Covid-19 support schemes and dovetailed with work undertaken on management override.

To address the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias, in particular in respect of depreciation;
- reviewed transactions with related parties, in particular the management charge and transactions with directors; and
- reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation;

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

In response to the risk of irregularities with regards to completeness of commission income we:

- completed analytical work, to include monthly comparison with prior years and budgets;
- reviewed the method and results of the internal review carried out by the finance team; and
- selected a sample of partners, agreed income and commission received to accounting records.

In response to the risk associated with the valuation of the pension surplus/deficit we:

- reviewed the competence, capabilities and objectivity of the actuary to undertake the valuation;
- obtained a copy of the actuarial valuation to the year end;
- evaluated the relevance and reasonableness of the significant assumptions and methods used by the actuary;
- considered the actuarial estimates underpinning the valuation, confirming reasonable and in line with other entities;
- confirmed basis for the actuarial valuations are consistent with the scheme rules and prior actuarial valuations; and
- confirmed that the actuarial valuations have been appropriately disclosed in the financial statements.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any other party 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.

Danielle Griffin

Danielle Griffin (Senior Statutory Auditor)
For and on behalf of Moore (South) LLP

Chartered Accountants
Statutory Auditor

Date: 21 April 2023

Priory House
Pilgrims Court
Sydenham Road
Guildford
Surrey
GU1 3RX

MOTORING & LEISURE SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	3	16,643,886	13,855,299
Cost of sales		(2,867,558)	(2,592,160)
Gross profit		13,776,328	11,263,139
Administrative expenses		(14,088,436)	(11,748,187)
Other operating income	4	581,712	1,890,628
Operating profit	5	269,604	1,405,580
Finance costs	9	(187,997)	(189,689)
Other gains and losses	10	1,507,370	222,710
Profit before taxation		1,588,977	1,438,601
Taxation	11	(214,377)	-
Profit for the financial year		1,374,600	1,438,601

The income statement has been prepared on the basis that all operations are continuing operations.

MOTORING & LEISURE SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	1,374,600	1,438,601
	<u> </u>	<u> </u>
Other comprehensive income		
Revaluation of property, plant and equipment	(1,320,804)	-
Tax relating to other comprehensive income	12,979	-
	<u> </u>	<u> </u>
Other comprehensive (expenditure) net of taxation	(1,307,825)	-
	<u> </u>	<u> </u>
Total comprehensive income for the year	66,775	1,438,601
	<u> </u>	<u> </u>

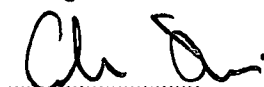
MOTORING & LEISURE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	12	498,738		539,416	
Property, plant and equipment	13	23,901,770		24,004,607	
Investments	14	200		200	
		<u>24,400,708</u>		<u>24,544,223</u>	
Current assets					
Inventories	16	138,763		95,694	
Trade and other receivables	17	2,790,851		2,855,757	
Investments	18	7,553,130		11,596,602	
Cash and cash equivalents	19	4,990,488		2,935,048	
		<u>15,473,232</u>		<u>17,483,101</u>	
Current liabilities	20	<u>(7,388,450)</u>		<u>(9,021,537)</u>	
Net current assets			8,084,782		8,461,564
Total assets less current liabilities			<u>32,485,490</u>		<u>33,005,787</u>
Non-current liabilities	21	(6,869,129)		(7,231,686)	
Provisions for liabilities	23	(1,536,309)		(1,760,824)	
Net assets			<u>24,080,052</u>		<u>24,013,277</u>
Equity					
Called up share capital	26	22,600,100		22,600,100	
Revaluation reserve		2,890,557		4,281,865	
Other reserves		8,140,364		8,140,364	
Retained earnings		(9,550,969)		(11,009,052)	
Total equity			<u>24,080,052</u>		<u>24,013,277</u>

The financial statements were approved by the board of directors and authorised for issue on 19 April 2023 and are signed on its behalf by:



C J Slinn
Director

Company Registration No. 02813598

MOTORING & LEISURE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Revaluation reserve £		Retained earnings £	Total £
Balance at 1 January 2021		17,600,100	4,281,865	8,140,364	(12,447,653)	17,574,676
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	1,438,601	1,438,601
Issue of share capital	26	5,000,000	-	-	-	5,000,000
Balance at 31 December 2021		22,600,100	4,281,865	8,140,364	(11,009,052)	24,013,277
Year ended 31 December 2022:						
Profit for the year		-	-	-	1,374,600	1,374,600
Other comprehensive income:						
Revaluation of property, plant and equipment	13	-	(1,320,804)	-	-	(1,320,804)
Tax relating to other comprehensive income	11	-	12,979	-	-	12,979
Total comprehensive income for the year		-	(1,307,825)	-	1,374,600	66,775
Transfers		-	(83,483)	-	83,483	-
Balance at 31 December 2022		22,600,100	2,890,557	8,140,364	(9,550,969)	24,080,052

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Motoring & Leisure Services Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Britannia House, 21 Station Street, Brighton, BN1 4DE.

1.1 Accounting convention

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The Civil Service Motoring Association Limited. These consolidated financial statements are available from Companies House.

1.2 Going concern

At the balance sheet date, the company made a profit before tax for the year of £1.6m and had net assets of £24.1m. During the year, the leisure sector saw a continued surge in business following the Covid-19 pandemic restrictions in the prior year, benefiting from the increase in staycations in the UK.

Management continue to investigate new ways to generate revenue and the company continues to receive full support from the parent company.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Revenue

Revenue includes:

-Commission receivable from third party partners in respect of discounted services provided to members calculated in accordance with the underlying period on which the commissions are based;

-Amounts receivable in respect of sales of advertising in magazines published during the year, recognised in accordance with the related date of publication;

-Amounts receivable in respect of services provided at the leisure properties during the year, based on the customers' period of occupation; and

-A management charge to other companies in the group, calculated on the basis of rechargeable costs over the financial year.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% per annum on cost
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1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land & buildings	Nil for land, buildings 2% - 10% per annum on cost or valuation
Plant and machinery	6% - 33% per annum on cost
Fixtures, fittings & equipment	5% - 33% per annum on cost
Motor vehicles	10% - 25% per annum on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement, subject to an appropriate adjustment for revalued amounts.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of non-current assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price.

The cost of inventories is calculated on a first in first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through the income statement, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the income statement.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company 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 company's income statement.

The defined benefit scheme was closed to new and existing members in the year ended 31 December 2014, with the company making no additional contributions other than to fund any deficit in the scheme as necessary. Accordingly there are no amounts charged to the income statement with respect to the defined benefit scheme. 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 statement of financial position as an asset (to the extent that it is recoverable through reduced future contributions) or a liability, net of recoverable deferred tax.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants relate to amounts received from the wage subsidy programme (CJRS) and the Coronavirus Business Interruption Loan Scheme (CBILS) interest, all of which were introduced in response to the Covid-19 coronavirus pandemic. The grant income is recognised within other income in the profit and loss account. Any outstanding amounts to which the company was entitled at the year end, which haven't been received are included in other receivables.

1.17 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so under section 400 of the Companies Act 2006 as the results of the group of which this company is the parent are included in the consolidated financial statements of the immediate parent. The company is a subsidiary undertaking of The Civil Service Motoring Association Limited, a company incorporated in England & Wales.

1.18 Current asset investments

Current asset investments are stated at market value with changes in market value being charged or credited to the income statement.

Realised and unrealised investment gains and losses on current asset investments are included within the income statement.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, the board consider both internal and external sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the financial year under review.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Determination of residual values and useful economic life of property, plant and equipment

The company depreciates tangible fixed assets over their estimated useful economic lives, having regard to the anticipated residual value of the respective assets. The estimation of the useful economic lives of the assets is based on historic performance as well as expectations about future use, requiring estimates and assumptions to be applied. The actual lives of tangible fixed assets can vary depending upon a variety of factors including technological innovation, product life cycles and maintenance programmes.

Discount factors for assets carried at fair value

The company carries certain assets and liabilities at fair value which requires consideration of the financial effect of the time value of money and future movements in investment returns in arriving at an appropriate discount factor to determine the carrying value of an asset or liability. Such estimates as are made take into consideration the experience returns as well as anticipating the future variability in investment assets and the availability of funding within the market, which are then applied to the company circumstances.

3 Revenue

An analysis of the company's revenue is as follows:

	2022 £	2021 £
Revenue analysed by class of business		
Commission and advertising income	3,794,553	3,879,125
Leisure property income	9,018,677	6,883,242
Management charge income	3,830,656	3,092,932
	<u>16,643,886</u>	<u>13,855,299</u>
	2022 £	2021 £
Revenue analysed by geographical market		
UK	<u>16,643,886</u>	<u>13,855,299</u>

4 Other operating income

	2022 £	2021 £
Insurance proceeds	355,428	1,127,911
Rental income	226,284	194,758
Government grants	-	567,959
	<u>581,712</u>	<u>1,890,628</u>

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(567,959)
Depreciation of owned property, plant and equipment	1,011,197	854,574
Loss on disposal of property, plant and equipment	26,588	(106,094)
Amortisation of Intangible assets	153,722	115,011
Cost of inventories recognised as an expense	1,030,708	659,875
Operating lease charges	29,053	28,773

6 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	37,300	35,625
For other services		
All other non-audit services	3,885	3,750

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Members services and administration	260	233

Employees aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	5,710,304	5,078,196
Social security costs	540,971	462,991
Pension costs	317,415	275,286
	6,568,690	5,816,473

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	745,541	710,032
Company pension contributions to defined contribution schemes	60,485	47,908
	<u>806,026</u>	<u>757,940</u>

The number of directors at the year end for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	240,129	234,615
Company pension contributions to defined contribution schemes	20,782	19,814
	<u>260,911</u>	<u>254,429</u>

9 Finance costs

	2022 £	2021 £
Other finance costs:		
Interest on financial liabilities measured at amortised cost:		
Other interest	187,997	189,689
	<u>187,997</u>	<u>189,689</u>

10 Other gains and losses

	2022 £	2021 £
Fair value gains on financial instruments		
Gain on disposal of current asset investments	2,001,974	-
Realised and unrealised (losses)/gains on current asset investments	(494,604)	222,710
	<u>1,507,370</u>	<u>222,710</u>

11 Taxation

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	214,377	-
	<u>214,377</u>	<u>-</u>

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	1,588,977	1,438,601
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	301,906	273,334
Tax effect of expenses that are not deductible in determining taxable profit	13,641	10,269
Tax effect of income not taxable in determining taxable profit	93,975	(56,574)
Group relief	-	6,653
Dépreciation in excess of capital allowances	(108,963)	(98,658)
Transfer pricing adjustments	(50,222)	(63,537)
Other adjustments - including pension contributions	(3,614)	4,834
Tax losses movements	4,229	(76,321)
Revaluation movement	(250,952)	-
Deferred Tax movement	214,377	-
Taxation charge for the year	214,377	-

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	(12,979)	-

The company has estimated tax losses of £7,757,000 (2021 - £7,551,000) available to carry forward and offset against future trading profits.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible fixed assets

	Software £
Cost	
At 1 January 2022	1,035,272
Additions	151,956
Disposals	(44,070)
At 31 December 2022	1,143,158
Amortisation and impairment	
At 1 January 2022	495,856
Amortisation charged for the year	153,722
Disposals	(5,158)
At 31 December 2022	644,420
Carrying amount	
At 31 December 2022	498,738
At 31 December 2021	539,416

13 Property, plant and equipment

	Freehold land & buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2022	19,625,420	58,288	14,723,857	17,264	34,424,829
Additions	-	-	917,127	2,000	919,127
Disposals	-	-	(3,295,334)	(10,287)	(3,305,621)
At 31 December 2022	19,625,420	58,288	12,345,650	8,977	32,038,335
Depreciation and impairment					
At 1 January 2022	1,159,698	58,288	9,184,972	17,264	10,420,222
Depreciation charged in the year	288,662	-	722,435	100	1,011,197
Eliminated in respect of disposals	-	-	(3,284,567)	(10,287)	(3,294,854)
At 31 December 2022	1,448,360	58,288	6,622,840	7,077	8,136,565
Carrying amount					
At 31 December 2022	18,177,060	-	5,722,810	1,900	23,901,770
At 31 December 2021	18,465,722	-	5,538,885	-	24,004,607

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Property, plant and equipment

(Continued)

Included within the land and buildings held by the company is freehold property classed as investment property. The property was valued at £3,250,000 in October 2017 on the basis of a sale with vacant possession and this was carried out by Flude Commercial Limited, an independent firm of Chartered Surveyors. In December 2019 an informal valuation was carried out by Flude Commercial Limited and the property was valued at £6,113,985 using an open market valuation and taking into account remedial works required. The revaluation surplus of £2,931,961 was split equally between the revaluation of Freehold Land and Buildings and Investment Property, resulting in the increase reflected in the income statement and through the statement of comprehensive income in the prior year.

When a decision is made to sell a property the asset is moved from fixed assets to current assets. In 2021 one property was reclassified to current assets held for sale from tangible fixed assets. Contracts were exchanged on this property in the year and the sales were completed in April 2022. As a result of the property sale, £1,069,900 was released from the revaluation reserve, constituting £1,320,804 of revaluation and £250,904 of deferred tax. At the year end there are no other properties held for sale.

The land and buildings held by the company comprise freehold properties with a depreciated historic cost of £7,172,337 (2021 - £7,551,468), which were valued on an existing use basis as at 31 December 2013 by Savills (L&P) Limited, an independent firm of Chartered Surveyors. Each property is included in the balance sheet at this valuation plus any subsequent revaluations less depreciation subsequently charged. The directors are not aware of any material change in value since the date of the last valuation.

On 7 August 2008 the company granted a charge in favour of The Civil Service Motoring Association Limited Pension and Life Assurance Scheme in respect of property stated in these financial statements at a value of £10,272,334 (2021 - £10,407,625) as security for the future pension obligations of the scheme.

14 Fixed asset investments

	Note	2022 £	2021 £
Investments in subsidiaries	15	200	200

15 Subsidiaries

These financial statements are separate company financial statements for Motoring & Leisure Services Limited.

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
CSMA Leisure Properties Limited	England & Wales	Dormant	100
CSMA Recovery Services Limited	England & Wales	Dormant	100
CSMA Rescue Limited	England & Wales	Dormant	100

All subsidiaries are included in the financial statements at cost less any provision for impairment.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Inventories

	2022 £	2021 £
Finished goods and goods for resale	138,763	95,694

17 Trade and other receivables

Amounts falling due within one year	Note	2022 £	2021 £
Trade receivables		565,735	100,782
Amounts owed by group undertakings		165,657	62,609
Other receivables		168,692	327,472
Prepayments and accrued income		848,473	896,687
		1,748,557	1,387,550
Deferred tax asset	24	1,042,294	1,468,207
		2,790,851	2,855,757

18 Current asset investments

	2022 £	2021 £
Listed investments	7,553,130	9,060,322
Assets held for sale	-	2,536,280
	7,553,130	11,596,602

Assets held for sale have decreased in the year due to the completion of the sale of Ghyll Manor.

19 Cash at bank and in hand

	2022 £	2021 £
Current accounts	6,821	272,696
Deposit accounts	4,977,101	2,661,094
Petty cash	6,566	1,258
	4,990,488	2,935,048

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Current liabilities

	Note	2022 £	2021 £
Bank loans	22	-	2,000,000
Trade payables		116,301	340,856
Amounts owed to group undertakings		2,924,532	2,924,532
Taxation and social security		598,530	503,680
Other payables		1,257,880	874,465
Accruals and deferred income		2,491,207	2,378,004
		<u>7,388,450</u>	<u>9,021,537</u>

21 Non-current liabilities

	2022 £	2021 £
Amounts owed to group undertakings	6,421,146	6,671,702
Other payables	447,983	559,984
	<u>6,869,129</u>	<u>7,231,686</u>

Whilst considered to be payable on demand, no date has been set for the repayment of amounts owed to group undertakings.

The company has received advance commission from, repayable by deduction of £300,000 per annum from future commissions until 31 December 2027. The present value of this sum is included within other payables.

22 Borrowings

	2022 £	2021 £
Bank loans	-	2,000,000
Payable within one year	-	2,000,000

The company took a £2m Coronavirus Business Interruption Loan Scheme in February 2021, secured against West Cliff Hotel. The loan repayments were due to be £33,333 per month commencing in April 2022 for 72 months. The interest rate was 2.34% above base rate. The company repaid this in February 2022 before any interest was incurred.

23 Provisions for liabilities

	Note	2022 £	2021 £
Deferred tax liabilities	24	<u>1,536,309</u>	<u>1,760,824</u>

MOTERING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Balances:				
Accelerated capital allowances	-	-	376,422	690,274
Tax losses	-	-	665,872	777,933
Revaluations	1,526,752	1,742,074	-	-
Other short term timing differences	9,557	18,750	-	-
	<u>1,536,309</u>	<u>1,760,824</u>	<u>1,042,294</u>	<u>1,468,207</u>
				2022
Movements in the year:				£
Liability at 1 January 2022				292,617
Charge to profit or loss				214,377
Credit to other comprehensive income				(12,979)
Liability at 31 December 2022				<u>494,015</u>

The deferred tax asset and liability are expected to reverse in the foreseeable future. The asset relates to the depreciation charged being in excess of allowances claimed and losses that can be offset against future profits or gains. The liability relates to the potential tax due on the disposal of tangible fixed assets recorded at valuation.

25 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>317,415</u>	<u>275,286</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the Scheme are held separately from those of the company in an independently administered fund.

The amount of outstanding contributions at 31 December 2022 was £52,568 (2021 - £41,278).

Defined benefit scheme

The Civil Service Motoring Association Limited Pension & Life Assurance Scheme is a funded defined benefit scheme ("the Scheme"), the assets of which are held separately from those of the employer and are managed by the Trustee. A full actuarial valuation was carried out at 31 December 2019. The results have been updated to 31 December 2022 by an independent qualified actuary.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Retirement benefit schemes

(Continued)

Funding policy

The Trustee is required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 December 2019. This valuation revealed a funding surplus of £788,000. Because this valuation revealed the Scheme was in surplus, the company was not required to pay any contributions towards the Scheme in 2022.

The company does not expect to pay any contributions to the Scheme during the accounting year beginning 1 January 2023. However, the contribution requirement will be reassessed during the actuarial valuation of the Scheme being carried out as at 31 December 2022.

Since April 2014 the Scheme has been closed to both new and existing members with contributions limited to the company making good any shortfall, should one arise in the future.

<i>Key assumptions</i>	2022 %	2021 %
Discount rate	4.8	1.8
Expected rate of salary increases	3.4	3.7
CPI inflation	2.9	3.2
RPI inflation	3.4	3.7
Revaluation of deferred pensions in excess of GMP	2.9	3.2

Mortality assumptions

	2022 Years	2021 Years
Life expectations on retirement at an assumed retirement age of 65:		
Retiring today		
- Males	22.7	22.7
- Females	25.1	25.0
Retiring in 20 years		
- Males	24.0	24.0
- Females	26.5	26.4

<i>Amounts taken to other comprehensive income</i>	2022 £	2021 £
Actual return on Scheme assets	16,931,000	1,132,000
Less: calculated interest element	776,000	560,000
Return on Scheme assets excluding interest income	17,707,000	1,692,000
Actuarial changes related to obligations	(15,772,000)	(3,086,000)
Effect of changes in the amount of surplus that is not recoverable	(1,935,000)	1,394,000
Total costs	-	-

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

25 Retirement benefit schemes

(Continued)

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2022 £	2021 £
Present value of defined benefit obligations	27,554,000	43,629,000
Fair value of plan assets	(31,688,000)	(49,698,000)
Surplus in Scheme	(4,134,000)	(6,069,000)
Restriction on Scheme assets	4,134,000	6,069,000
Total liability recognised	-	-

	2022 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2022	43,629,000
Benefits paid	(1,020,000)
Actuarial gains and losses	(15,772,000)
Interest cost	776,000
Other	(59,000)
At 31 December 2022	27,554,000

The defined benefit obligations arise from plans which are wholly or partly funded.

	2022 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2022	49,698,000
Interest income	776,000
Return on plan assets (excluding amounts included in net interest)	(17,707,000)
Benefits paid	(1,020,000)
Other	(59,000)
At 31 December 2022	31,688,000

The actual return on plan assets was £(16,931,000) (2021 - £1,132,000).

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

25 Retirement benefit schemes (Continued)

	2022 £	2021 £
<i>Fair value of plan assets at the reporting period end</i>		
Gifts	13,161,000	16,190,000
Diversified Growth Funds	8,447,000	20,963,000
Cash	9,566,000	11,730,000
Annuities	514,000	815,000
	<u>31,688,000</u>	<u>49,698,000</u>

26 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>22,600,100</u>	<u>22,600,100</u>	<u>22,600,100</u>	<u>22,600,100</u>

All shares rank pari passu in all aspects.

During 2021 the company allotted a further 5,000,000 £1 Ordinary shares which are fully paid.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Related party transactions

On 7 August 2008 the company granted a charge in favour of The Civil Service Motoring Association Limited Pension and Life Assurance Scheme in respect of property stated in these financial statements at a value of £10,272,334 (2021 - £10,407,625) as security for the future pension obligations of the Scheme. No guarantees have been given or received.

28 Operating lease commitments

Lessee

At the year end end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	8,721	8,721
Between one and five years	7,557	16,278
	<u>16,278</u>	<u>24,999</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2022 £	2021 £
Within one year	160,988	160,988
Between two and five years	643,952	26,831
In over five years	187,819	-
	<u>992,759</u>	<u>187,819</u>

29 Capital commitments

At 31 December 2022 £249,249 (2021 - £379,786) of expenditure had been authorised and contracted.

At 31 December 2022 £4,010,500 (2021 - £2,506,000) of expenditure had been authorised but not contracted.

30 Ultimate controlling party

The parent undertaking is The Civil Service Motoring Association Limited, a company registered in England and Wales. This is also the ultimate parent company. There is no ultimate controlling party.

The Civil Service Motoring Association Limited prepares group financial statements. Copies can be obtained from Companies House.