

Company Registration No. 02813598 (England and Wales)

MOTORING & LEISURE SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



MOTORING & LEISURE SERVICES LIMITED

COMPANY INFORMATION

Directors	T J Howe	
	D G Milton	(Appointed 11 December 2020)
	L M Parrott	(Appointed 19 March 2021)
	C J Slinn	
	A C Thurbon	(Appointed 7 September 2020)
	P J Worster	(Appointed 11 December 2020)
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

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 10
Income statement	11
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	15 - 35

MOTORING & LEISURE SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

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.
 - ii. 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.
 - iii. For our regulators, see section (e) below
- d. The impact of the company's operations on the community and the environment
 - As highlighted under Financial performance and 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

Fair review of the business

The planned focus for the year had been to grow member value and income as we continued to retain and attract new members and partners whilst growing our Leisure business. However, the year became dominated by the Covid-19 pandemic with the business forced to close its holiday destinations for a substantial part of the year, and adopt a more defensive strategy to protect cash. Despite reporting a loss before tax of £2.3m, cash increased from £2.1m at the end of 2019 to £2.2m as the company protected its liquidity position

Financial Performance

Turnover reduced from £17.6m in 2019 to £13.0m in 2020, mainly due to the impact of Covid-19. The biggest impact was on our Leisure properties where income dropped from £8.9m in 2019 to £4.4m in 2020.

General insurance and product commission also decreased (£0.4m) as the insurance and travel markets were severely disrupted. We also saw a decrease in advertising revenue from our magazine (£0.3m) as much of this is travel related.

Overhead costs include one-off items such as restructuring and legal costs relating to old contracts. Once removed, the underlying costs were £1.7m lower than 2019 which reflects operational savings made due to Covid restrictions and the ongoing cost efficiencies as the business becomes leaner.

As a result the overall reported operating loss increased from £1.1m in 2019 to £2.2m in 2020.

The Association's overall financial strength remains, despite the impacts of Covid-19. The assets of the company increased from £14.9m to £17.6m, following a recapitalisation of share capital. The overall cash liquidity of the Association remains strong. We also benefited from Government support in furloughing staff, obtaining subsidies and the favourable reduction in VAT for the hospitality sector.

MOTORING & LEISURE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Performance (continued)

The pandemic has brought with it many changes, and helping staff adapt has been a challenge for MLS. All our employees in a position to work remotely were provided with equipment to enable them to do so at the beginning of lockdown and we've made it a priority to be in regular contact to support their wellbeing. We'll continue to do this in the coming months. Managers, using internal expertise available to them such as Mental Health First Aiders, have been encouraging employees to discuss openly about how they are feeling and if they need additional support.

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 are being 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 lockdown restrictions imposed in early 2020.

Long Term Aims

The long term aims of the Association 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.

Significant Risks

The current Covid-19 pandemic is providing significant challenges with the leisure retreats closed for the first quarter of 2021 and support staff working remotely. Although the current economic environment is uncertain, we are currently reopening our leisure properties. Our holiday park, Whitemead Forest park, and our self-catering cottages are now partly open and the rest are scheduled to open on 17th May 2021. The combined strength of our membership, our ability to provide relevant benefits, a sense of community and our strong balance sheet should enable us to emerge in a strong position from the crisis. The use of digital technology to improve our offerings and member experience is now more important than ever.

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

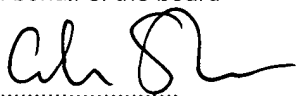
The board and management invest significant time and effort in managing and monitoring all risks through well defined processes, such as strategic risk monitoring, an Audit and Risk Committee and utilisation of specialist risk management resources.

Development and performance

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 placed in low risk UK bank accounts or managed funds that offer potentially higher returns than cash deposits. Investments in property assets also 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 ensuring the business is well placed in terms of income diversification, cash liquidity and operational efficiency to minimise the overall risk.

On behalf of the board



C J Slinn

Director

14 May 2021

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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.

Directors

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

T J Howe	
D G Milton	(Appointed 11 December 2020)
L M Parrott	(Appointed 19 March 2021)
C J Slinn	
A C Thurbon	(Appointed 7 September 2020)
P J Worster	(Appointed 11 December 2020)

Results and dividends

The results for the year are set out on page 11.

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

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.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

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

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Energy and carbon report

Company Information

Motoring & Leisure Services Ltd (MLS Ltd.), is a large enterprise qualifying for 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 Ltd. 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 reporting company.

Reporting Period

The SECR reporting period is coincident with the financial year reporting period between 1st January 2020 and 31st December 2020. This is the first SECR reporting period and will become the base year for future reporting.

Energy Consumption

Activity	Scope	Volume	Conv Factor	kgCO2e	% of total
Electricity	2	1,477,337kWh	0.23314	344,426	35.47%
Gas	1	2,037,893kWh	0.18387	341,960	35.22%
Kerosene	1	3,000L	2.54039	7,621	0.78%
LPG	1	149,894L	1.55537	233,141	24.01%
Heating Oil	1	14,632L	2.75776	40,352	4.16%
Business Mileage	1	7778miles	0.27382	2,130	0.22%
Unleaded Petrol	1	496L	2.31467	1,148	0.12%
Diesel	1	62L	2.68787	167	0.02%
Total kgCO2e				970,944	

Reporting Methodology

Energy data has been collected by MLS staff from the invoices issued by suppliers, be that actual readings or estimated readings. This methodology had to be used as most offices remain closed during the pandemic. Half hourly energy data have been supplied directly by the relevant energy supplier.

In regard of business transport, each business journey, or fuel purchase, is recorded in the company's expense control system and this information has been used to identify the total mileage travelled or fuel purchased.

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 2020' at the Internet web address https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891105/Conversion_Factors_2020_-_Condensed_set_for_most_users.xlsx

Intensity Measurement

It has been decided that the average number of employees would be the most consistent year on year measure for annual energy comparisons. For MLS, there were 297 employees.

The MLS employee intensity ratio is therefore : 3,269kgCO2e per employee

Activities to Reduce Emissions

MLS understands the importance of reducing the carbon emissions produced by the company. During 2020 the company commissioned a report from an external consultancy to quantify the carbon footprint of the head office. During 2021 the report will be discussed at board level and actions will be set to reduce the overall carbon footprint year on year.

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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: 14th May 2021

MOTORING & LEISURE SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 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 2020 and of its loss 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

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.

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 and the directors' report.

We have nothing to report in respect of the following matters where 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

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.
- 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 enquired of management and those charged with responsibility for ensuring compliance is adhered to, along with reviewing correspondence with regulators to identify any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the risk of material misstatement in the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with responsibility for ensuring legal and regulatory compliance is adhered to and considering 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.
- 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 and reviewed support received through various Coronavirus support schemes, 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;
- 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;

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;

MOTORING & LEISURE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MOTORING & LEISURE SERVICES LIMITED

In response to the risk of 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.

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.

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.

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 (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP

Chartered Accountants
Statutory Auditor

17 May 2021

Priory House
Pilgrims Court
Sydenham Road
Guildford
Surrey
GU1 3RX

MOTORING & LEISURE SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	3	13,031,526	17,561,735
Cost of sales		(2,268,336)	(3,241,487)
Gross profit		10,763,190	14,320,248
Administrative expenses		(14,085,907)	(15,634,697)
Other operating income	4	1,123,607	233,487
Operating loss	5	(2,199,110)	(1,080,962)
Investment income	9	2,695	3,632
Finance costs	10	(194,356)	(189,138)
Other gains and losses	11	103,780	422,435
Revaluation of investment properties	15	-	1,465,981
(Loss)/profit before taxation		(2,286,991)	621,948
Taxation	12	62,214	85,255
(Loss)/profit for the financial year		(2,224,777)	707,203

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 2020

	2020 £	2019 £
(Loss)/profit for the year	(2,224,777)	707,203
	<u> </u>	<u> </u>
Other comprehensive income net of taxation		
Revaluation of property, plant and equipment	-	1,465,981
Tax relating to other comprehensive income	(79,624)	(263,877)
	<u> </u>	<u> </u>
Other comprehensive (expenditure)/ income for the year	(79,624)	1,202,104
	<u> </u>	<u> </u>
Total comprehensive (expenditure)/ income for the year	(2,304,401)	1,909,307
	<u> </u>	<u> </u>

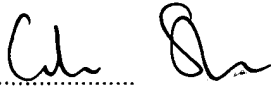
MOTORING & LEISURE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	14	374,133		641,498	
Property, plant and equipment	15	23,944,606		28,032,653	
Investments	16	200		200	
		<u>24,318,939</u>		<u>28,674,351</u>	
Current assets					
Inventories	19	114,546		141,433	
Trade and other receivables	20	2,198,337		2,317,134	
Investments	21	8,226,472		5,608,776	
Cash and cash equivalents	22	2,229,794		2,062,197	
		<u>12,769,149</u>		<u>10,129,540</u>	
Current liabilities	23	<u>(6,039,777)</u>		<u>(5,125,740)</u>	
Net current assets		<u>6,729,372</u>		<u>5,003,800</u>	
Total assets less current liabilities		<u>31,048,311</u>		<u>33,678,151</u>	
Non-current liabilities	24	(11,959,751)		(17,524,251)	
Provisions for liabilities	26	<u>(1,513,884)</u>		<u>(1,274,823)</u>	
Net assets		<u><u>17,574,676</u></u>		<u><u>14,879,077</u></u>	
Equity					
Called up share capital	29	17,600,100		12,600,100	
Revaluation reserve		4,281,865		4,361,489	
Other reserves		8,140,364		8,140,364	
Retained earnings		<u>(12,447,653)</u>		<u>(10,222,876)</u>	
Total equity		<u><u>17,574,676</u></u>		<u><u>14,879,077</u></u>	

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


.....
C J Slinn
Director

Company Registration No. 02813598

14th May 2021

MOTORING & LEISURE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2019		12,600,100	3,159,385	8,140,364	(10,930,079)	12,969,770
Year ended 31 December 2019:						
Profit for the year		-	-	-	707,203	707,203
Other comprehensive income:						
Revaluation of property, plant and equipment		-	1,465,981	-	-	1,465,981
Tax relating to revaluation of properties	12	-	(263,877)	-	-	(263,877)
Total comprehensive income for the year		-	1,202,104	-	707,203	1,909,307
Balance at 31 December 2019		12,600,100	4,361,489	8,140,364	(10,222,876)	14,879,077
Year ended 31 December 2020:						
Loss for the year		-	-	-	(2,224,777)	(2,224,777)
Other comprehensive income:						
Tax relating to revaluation of properties	12	-	(79,624)	-	-	(79,624)
Total comprehensive income for the year		-	(79,624)	-	(2,224,777)	(2,304,401)
Issue of share capital	29	5,000,000	-	-	-	5,000,000
Balance at 31 December 2020		17,600,100	4,281,865	8,140,364	(12,447,653)	17,574,676

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Motoring & Leisure Services Limited ("the Company") 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 loss for the year of £2.3m and had net assets of £17.6m. During the year, as a direct result of the Government restrictions on retail trading due to the Coronavirus pandemic during the early part of 2020 the company had limited trading between the 23 March 2020 and the 4 July 2020 in the leisure side of the business. The company did take advantage of the government job retention scheme and furloughed members of staff throughout the year.

Following the return to full trading the sector saw a surge in business for which the company benefitted from recovering a proportion of sales lost during lockdown. The company was impacted by the second lockdown in November as well as the post year end lockdown.

Management continue to investigate new ways to generate revenue and conduct business with the support on offer through discretionary grants and the job retention scheme. 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 2020

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 members 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 2020

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 2020

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 publically 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 2020

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.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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 are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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:

	2020 £	2019 £
Revenue analysed by class of business		
Commission and advertising income	4,372,898	5,109,186
Leisure property income	4,447,237	8,931,454
Management charge income	4,211,391	3,521,095
	<u>13,031,526</u>	<u>17,561,735</u>

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3	Revenue	(Continued)	
		2020	2019
		£	£
	Revenue analysed by geographical market		
	UK	13,031,526	17,561,735
4	Other operating income	2020	2019
		£	£
	Rental income	217,775	233,487
	Government grant	905,832	-
		1,123,607	233,487
5	Operating loss	2020	2019
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Government grants	(905,832)	-
	Depreciation of owned property, plant and equipment	1,514,333	1,357,707
	Impairment of owned property, plant and equipment	473,089	-
	Loss on disposal of property, plant and equipment	33,455	631,655
	Amortisation of intangible assets	122,365	19,698
	Impairment of intangible assets	238,782	-
	Cost of inventories recognised as an expense	475,035	1,141,718
	Operating lease charges	11,803	35,255
6	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	37,750	37,000
	For other services		
	All other non-audit services	5,000	5,000

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employees

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

	2020 Number	2019 Number
Members services and administration	282	320

Employees aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	5,808,610	6,391,191
Social security costs	447,703	468,445
Pension costs	250,823	256,625
	6,507,136	7,116,261
Compensation for loss of office	-	170,973

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	245,931	357,485
Company pension contributions to defined contribution schemes	18,727	21,715
Compensation for loss of office	-	170,973
	264,658	550,173

The number of directors at the year end for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 1).

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

	2020 £	2019 £
Remuneration for qualifying services	209,473	231,875
Company pension contributions to defined contribution schemes	17,061	16,990

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Investment income

	2020	2019
	£	£
Interest income		
Interest on bank deposits and accumulations on investments	2,695	3,632
	<u>2,695</u>	<u>3,632</u>

10 Finance costs

	2020	2019
	£	£
Other finance costs:		
Interest on financial liabilities measured at amortised cost:		
Other interest	194,356	189,138
	<u>194,356</u>	<u>189,138</u>

11 Other gains and losses

	2020	2019
	£	£
Fair value gains on financial instruments		
Realised and unrealised gains on current asset investments	103,780	422,435
	<u>103,780</u>	<u>422,435</u>

12 Taxation

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	(62,214)	(85,255)
	<u>(62,214)</u>	<u>(85,255)</u>

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Taxation

(Continued)

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

	2020 £	2019 £
(Loss)/profit before taxation	(2,286,991)	621,948
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(434,528)	118,170
Tax effect of expenses that are not deductible in determining taxable profit	8,143	31,499
Tax effect of income not taxable in determining taxable profit	(37,916)	(99,852)
Group relief	36,472	18,279
Depreciation in excess of capital allowances	154,499	(25,100)
Transfer pricing adjustments	(90,741)	(104,501)
Other adjustments - including pension contributions	46,312	(23,750)
Tax losses movements	255,545	-
Taxation for the year	(62,214)	(85,255)

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

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	79,624	263,877

The company has estimated tax losses of £6,924,000 (2019 - £5,382,000) available to carry forward and offset against future trading profits.

13 Impairments

		2020 £	2019 £
In respect of:			
Intangible assets	14	238,782	-
Property, plant and equipment		473,089	-
Recognised in:			
Administrative expenses		711,871	-

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Impairments

(Continued)

The directors have considered the life of all software and fixtures and fittings held at Ghyll Manor and have deemed it appropriate to reduce the value of certain assets to zero.

14 Intangible fixed assets

	Software £
Cost	
At 1 January 2020	661,196
Additions	93,782
	<hr/>
At 31 December 2020	754,978
	<hr/>
Amortisation and impairment	
At 1 January 2020	19,698
Amortisation charged for the year	122,365
Impairment losses	238,782
	<hr/>
At 31 December 2020	380,845
	<hr/>
Carrying amount	
At 31 December 2020	374,133
	<hr/>
At 31 December 2019	641,498
	<hr/>

More information on impairment movements in the year is given in note 13.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Property, plant and equipment

	Freehold land & buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	22,429,438	58,288	13,674,838	17,264	36,179,828
Additions	5,082	-	434,453	-	439,535
Disposals	-	-	(33,455)	-	(33,455)
Transfers	(2,825,054)	-	-	-	(2,825,054)
At 31 December 2020	19,609,466	58,288	14,075,836	17,264	33,760,854
Depreciation and impairment					
At 1 January 2020	1,001,524	58,288	7,070,356	17,007	8,147,175
Depreciation charged in the year	270,895	-	1,243,181	257	1,514,333
Impairment losses	-	-	473,089	-	473,089
Transfer to assets held for sale	(318,349)	-	-	-	(318,349)
At 31 December 2020	954,070	58,288	8,786,626	17,264	9,816,248
Carrying amount					
At 31 December 2020	18,655,396	-	5,289,210	-	23,944,606
At 31 December 2019	21,427,914	-	6,604,482	257	28,032,653

More information on impairment movements in the year is given in note 13.

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. Following the decision to sell two properties in 2018, these assets were reclassified to current assets held for sale from tangible fixed assets. In addition, one further property was reclassified in the current year to current assets held for sale.

The land and buildings held by the company comprise freehold properties with a depreciated historic cost of £7,930,600 (2019 - £9,573,155), 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 £10,526,960 (2019 - £10,657,168) as security for the future pension obligations of the scheme.

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Fixed asset investments

	Note	2020 £	2019 £
Investments in subsidiaries	17	200	200

17 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2020 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	
		Ordinary	100
CSMA Recovery Service Limited	England & Wales	Dormant	
		Ordinary	100
CSMA Rescue Limited	England & Wales	Dormant	
		Ordinary	100

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

18 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,449,173	2,247,066
Equity instruments measured at cost less impairment	3,228,767	3,117,976
Carrying amount of financial liabilities		
Measured at amortised cost	18,160,726	22,669,544

19 Inventories

	2020 £	2019 £
Finished goods and goods for resale	114,546	141,433

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Trade and other receivables

		2020 £	2019 £
Amounts falling due within one year	Note		
Trade receivables		49,823	166,557
Amounts owed by group undertakings		61,158	58,308
Other receivables		287,921	275,949
Prepayments and accrued income		578,168	816,704
		<u>977,070</u>	<u>1,317,518</u>
Deferred tax asset	28	1,221,267	999,616
		<u>2,198,337</u>	<u>2,317,134</u>

21 Current asset investments

	2020 £	2019 £
Listed investments	3,228,767	3,117,776
Assets held for sale	4,997,705	2,491,000
	<u>8,226,472</u>	<u>5,608,776</u>

Assets held for sale have increased in the year due to Ghyll Manor being available for sale.

22 Cash at bank and in hand

	2020 £	2019 £
Current accounts	71,214	47,429
Deposit accounts	2,158,580	2,012,315
Petty cash	-	2,453
	<u>2,229,794</u>	<u>2,062,197</u>

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Current liabilities

	Note	2020 £	2019 £
Bank loans and overdrafts	25	1,541	41,741
Trade payables		409,695	277,879
Amounts owed to group undertakings		2,924,532	2,924,532
Taxation and social security		397,644	259,941
Other payables		630,799	228,479
Accruals and deferred income		1,675,566	1,393,168
		<u>6,039,777</u>	<u>5,125,740</u>

24 Non-current liabilities

	2020 £	2019 £
Amounts owed to group undertakings	11,286,952	16,745,808
Other payables	672,799	778,443
	<u>11,959,751</u>	<u>17,524,251</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 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 other payables.

25 Borrowings

	2020 £	2019 £
Bank overdrafts	1,541	41,741
	<u>1,541</u>	<u>41,741</u>
Payable within one year	1,541	41,741
	<u>1,541</u>	<u>41,741</u>

The group took a £2m Coronavirus Business Interruption Loan Scheme in February 2021, secured against West Cliff Hotel. The loan repayments are £33,333 per month and will commence in April 2022 for 72 months if the loan has not been repaid.

26 Provisions for liabilities

	Note	2020 £	2019 £
Deferred tax liabilities	28	1,513,884	1,274,823
		<u>1,513,884</u>	<u>1,274,823</u>

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution scheme		
Charge to profit or loss in respect of defined contribution schemes	250,823	256,625

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 outstanding at 31 December 2020 was £40,380 (2019 - £2,771).

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 Trustees. A full actuarial valuation was carried out at 31 December 2019. The results have been updated to 31 December 2020 by an independent qualified actuary.

Funding policy

The Trustee is required to carry out an actuarial valuation every 3 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 2020.

The Company does not expect to pay any contributions to the Scheme during the accounting year beginning 1 January 2021.

From 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.

	2020	2019
	%	%
Key assumptions		
Discount rate	1.2	1.9
Expected rate of increase of pensions in payment	3.6	3.5
Expected rate of salary increases	3.2	3.0
CPI inflation	2.7	2.2
RPI inflation	3.2	3.0

Mortality assumptions

	2020	2019
	Years	Years
Life expectations on retirement at an assumed retirement age of 65:		
Retiring today		
- Males	22.7	22.4
- Females	25.0	24.1
Retiring in 20 years		
- Males	24.0	23.7
- Females	26.4	25.5

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

27 Retirement benefit schemes

(Continued)

	2020 £	2019 £
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(7,021,000)	(6,868,000)
Less: calculated interest element	759,000	1,014,000
Return on scheme assets excluding interest income	(6,262,000)	(5,854,000)
Actuarial changes related to obligations	7,086,000	2,682,000
Effect of changes in the amount of surplus that is not recoverable	(824,000)	3,172,000
Total costs	-	-

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

	2020 £	2019 £
Present value of defined benefit obligations	47,249,000	40,530,000
Fair value of plan assets	(51,924,000)	(46,029,000)
Surplus in scheme	(4,675,000)	(5,499,000)
Restriction on scheme assets	4,675,000	5,499,000
Total liability recognised	-	-

	2020 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2020	40,530,000
Benefits paid	(1,022,000)
Actuarial gains and losses	7,086,000
Interest cost	759,000
Other	(104,000)
At 31 December 2020	47,249,000

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

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 Retirement benefit schemes

(Continued)

	2020 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2020	46,029,000
Interest income	759,000
Return on plan assets (excluding amounts included in net interest)	6,262,000
Benefits paid	(1,022,000)
Other	(104,000)
At 31 December 2020	51,924,000

The actual return on plan assets was £7,021,000 (2019 - £6,868,000).

	2020 £	2019 £
<i>Fair value of plan assets at the reporting period end</i>		
Gilts	16,863,000	17,772,000
Diversified Growth Funds	31,637,000	22,386,000
Cash	2,536,000	5,098,000
Annuities	888,000	773,000
	51,924,000	46,029,000

28 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 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	-	-	716,444	237,020
Tax losses	-	-	504,823	762,596
Revaluations	1,411,284	1,262,728	-	-
Other short term timing differences	102,600	12,095	-	-
	1,513,884	1,274,823	1,221,267	999,616

MOTORING & LEISURE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Deferred taxation

(Continued)

	2020 £
Movements in the year:	
Liability at 1 January 2020	275,207
Credit to profit or loss	(62,214)
Charge to other comprehensive income	79,624
Liability at 31 December 2020	<u>292,617</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.

29 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
17,600,100 (2019: 12,600,100) Ordinary shares of £1 each	<u>17,600,100</u>	<u>12,600,100</u>

All shares rank pari passu in all aspects.

During the year 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 2020

30 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 £10,526,960 (2019 - £10,671,168) as security for the future pension obligations of the scheme. No guarantees have been given or received.

31 Capital commitments

At 31 December 2020 £250,900 (2019 - £nil) of expenditure had been authorised and contracted.

At 31 December 2020 £2,334,000 (2019 - £2,122,000) of expenditure had been authorised but not contracted.

32 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:

	2020 £	2019 £
Within one year	-	5,339

Lessor

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

	2020 £	2019 £
Within one year	160,988	160,998
Between two and five years	187,819	348,807
	<u>348,807</u>	<u>509,805</u>

33 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.