REGISTERED NUMBER 1713437

RoadChef Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 3 JANUARY 2012

RoadChef Limited

COMPANY INFORMATION

DIRECTORS	S Turl I McKay R Tindale B Mashraki L Dafna
SECRETARY	M Hedditch
REGISTERED OFFICE	RoadChef House Norton Canes MSA Betty's Lane Norton Canes Cannock Staffordshire WS11 9UX
AUDITORS	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ
BANKERS	Barclays Bank Plc 1 Churchill Place London E14 5HP

RoadChef Limited

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DIRECTORS' REPORT
FOR THE YEAR ENDED 3 JANUARY 2012

The directors present their annual report on the affairs of the Group together with the financial statements and independent auditors report, for the year ended 3 January 2012 The comparative period was the year ended 4 January 2011

Business review and principal activity

Roadchef Limited ("the Group") operated 20 motorway service areas on 28 sides of the motorway and one hotel in the United Kingdom for the year ended 3 January 2012 We do not anticipate the principal activities of the business to change in the foreseeable future On 23 February 2011 Roadchef (Winchester) Limited, a subsidiary company, sold its hotel on that site and the company ceased trading from that date

The results for the Group show an operating profit of £3 3m (4 January 2011 £6 8m) and a pre-tax loss of £11 4m (4 January 2011 pre tax loss £2 2m) The Board are satisfied with the results for the year

On 10 August 2011 the Group concluded the acquisition of the First Motorways business adding the Magor motorway service area and Symonds Yat truck road services to the existing estate of 19 sites

BP agreement

During 2009 the Group entered into a 23 year contract with BP whereby BP would lease 12 forecourts The number of forecourts that transferred to BP in the year ended 2 January 2010 was 6, a further 2 are due to transfer in 2012 2 in 2013 and the final 2 in 2017, as the current fuel supply agreements come to an end The contract generated an up-front payment which has been treated as deferred income and also a rental stream going forward over the life of the contract which has been recognised in other operating income Although the profit of the Group remains at similar levels there has been a reduction in revenue and cost of sales This contract has enabled the Group to reduce its exposure to fuel price fluctuations and to move away from very low margin business to focus on the more profitable income generators of the business such as catering

Business environment and strategy

The following narrative relates to the underlying trade of the Roadchef Group which the directors consider to be the primary drivers of the business

The UK Motorway Service Area market is concentrated in the hands of three operators of which Roadchef is the third largest with a market share of about 21% (2010 - 21%)

Management believe that there are about 60 million visits to the Roadchef Group's sites in a year and 36% of these visits do not result in the visitor being converted to a customer The Roadchef Group s objective is to increase the conversion rate and the amount each customer spends Recent investment in the catering offer at key sites has proven to reduce the instance of non-conversion by between 10-15%

The Group s strategies to achieve this objective are as follows -

- service our customer in as friendly and efficient a manner as possible
- ensure that the brand and services that the Group offers are what our customers want and that the standards are what they expect or better;
  ensure that products, staff and tills are available to serve customers
- through close management of key performance indicators such as growth in amenity building sales, and
- competitively price within the motorway service industry

Investing in brands and services aligned to customer wants

Management believes that the consistency and quality offered by well known high street brands drives sales growth

This was demonstrated by the investment during 2008 in the Strensham site located on the southbound M5 which involved a complete overhaul of the offer to customers This included the fresh seating and introduction of new brands such as McDonalds, Soho Coffee and Hot Food Company (HFC) with the aim of providing a wider choice to more customers The benefits of this have been clear with a 40% growth in transactions and a 20% growth in catering sales year on year During 2011 the Roadchef Group continued with its £10 5m development plan of the Motorway Service Areas The Roadchef Group have replaced Wimpy with our own in-house brand, 'The Burger Company', across the estate At five Motorway Service Areas the Group replaced Wimpy with McDonald's during 2011 which has proved very successful with sales growth of up to 350% In addition the Roadchef Group continued to invest in new seating areas and revitalising the Costa units at the same sites The development programme will continue to run through 2012 where we are planning to develop a further six sites The Roadchef Group has continued to develop the Days Inn hotels on all sites following its conversion from Premier Inns in 2010

The management of the business and the execution of the Group s strategy are subject to a number of risks

Minimum Wage The Group employs many of its staff at wage rates that are close to the national minimum wage In past years significant increases in the minimum wage announced by the UK Government has resulted in the Group having to award above inflation pay increases

Fuel Prices Fluctuations in fuel prices have a significant impact on fuel sales volumes and also an impact on non-fuel sales The BP contract entered into during the prior year whereby 6 forecourts were leased to BP and the fuel supply arrangements ended will continue to mitigate the impact of fuel price fluctuations and the Group's exposure to fuel price fluctuations will reduce as more forecourts transfer across to BP in 2012 2013 and 2017

Outsourcing The Group outsourced many of its back office activities and systems management to IBM in 2005 There are ongoing performance issues that are currently being resolved and the Group have been driving improvements in performance over the last year

Legislative Change Current restrictions prevent the building of new service areas within 28 miles or 30 minutes travel time of an existing site, which greatly restricts new competition If this ruling were to change then additional competition could enter the market

Road Pricing There has been much discussion in the press concerning the implementation of a road pricing regime aimed at reducing the use of motor vehicles The Group s management regard the implementation of such a UK Government policy to be remote at present though consider it to be a potential long term issue Roadchef operates the only motorway service area in the country on a toll motorway at Norton Canes and since it opened in 2004 it has been one of the Group's most successful sites

Competition In the current economic climate a government programme of new road building is not on the agenda Government policy is now leaning towards road widening and the use of the hard shoulder As this policy will not result in additional motorway service stations being built, there is not the competition risk associated with new roads Management is aware of a proposed development of motorway service areas serving northbound and southbound carriageways of the M5 between junctions 11A and 12, and are confident that the Group's strategies are robust enough to withstand this added competition

The Board monitors progress on the overall Group strategy and the individual strategic elements by reference to the following KPIs

	2011	2010	Definition, method of calculation and analysis
Growth in amenity building sales (%)	**4 0%**	(2 3)%	Year-on-year sales growth expressed as a percentage Amenity building sales like-for-like showed an increase of 4% The final quarter trading of 2010 was impacted significantly by snow which did not occur in 2011
Gross margin in the amenity building (%)	**63 5%**	63 3%	The amenity building gross margin is the ratio of operating profit before wages and overheads to sales expressed as a percentage The small gross margin improvement is due to better operational control
Amenity building transactions (m)	**20 9**	19 8	This is the actual number of transactions recorded in the main building in both the retail and catering outlets The visits this period have increased compared to the previous year as the snow at the beginning and at the end of 2010 adversely effected visitor numbers
Spend per transaction (£)	**£4 55**	£4 62	This is the sales in the amenity building (excluding hotel offerings and other income) divided by the number of transactions The Group closely monitors this at an outlet level where the labour content of each transaction can vary significantly The spend per transaction has decreased during the year reflecting the switch to McDonalds which gives increased sales but a lower spend per transaction due to high street pricing

The above KPI's are inclusive of the acquired First Motorways business, however these are deemed to be incidental to the statistics and analysis provided

Charitable and political contributions
During the year the Group made charitable and political donations of £nil (4 January 2011 £nil)

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible be identical with that of other employees

Equal opportunities
The Group is an equal opportunities employer Its policy is to ensure that recruitment selection training development and promotion procedures result in no applicant or employee receiving less favourable and discriminatory treatment on the grounds of sex age race nationality creed ethnic origin disability sexual orientation marital status or by conditions or requirements which cannot be shown to be justifiable

Employee involvement
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group

Results and dividends
The results for the year are set out on page 7 The directors do not recommend the payment of a dividend (4 January 2011 £nil)

Financial risk management policies
The Group s financial instruments comprise debtors, creditors, including borrowings and interest rate swaps

The treasury function is provided centrally for the Group as a whole this includes Roadchef Limited and all of its subsidiaries The treasury objective is to ensure that market risks and price risks are reduced to a minimum The Group does not use complex financial instruments in the management of these exposures The exposures and measures taken by the Group to mitigate them are reviewed by the Board of the Group on a regular basis The Group does not enter into transactions of a speculative nature nor trades in financial instruments

Currency risk
The Group is not exposed to currency risk as it operates solely within the United Kingdom

Credit risk
The Group's principal financial assets are trade debtors of £5 0m (4 January 2011 £4 2m), which represent the Group s maximum exposure to credit risk in relation to financial assets

The trade debtors included in the balance sheet of £5 0m (4 January 2011 £4 2m) are net of allowances for doubtful debts A provision for impairment is made where there is an identified loss event which based on previous experience is evidence of a reduction in the recoverability of the cash flows The Group's business is principally cash based and the trade debtor balances represent rebates due from suppliers and debts from fuel and credit cards The credit risk relating to the supplier rebates is considered to be low due to historic experience The fuel and credit card debts are not considered to have significant credit risk attached to them as they are held with blue-chip companies

Interest rate risk
The Group s borrowings comprise both fixed and floating rates of interest exposing the Group to fair value interest rate risk and cash flow interest rate risk respectively

In 2011 the Group entered into derivative transactions in the form of interest rate swap contracts The purpose is to manage in interest rate risk arising from the Group s operations and its sources of finance It is the Group's policy that no trading in financial instruments shall be undertaken

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above The Group s key sensitivity is the level of trading it achieves which is dependant on a number of factors outside the Group s control, including fuel prices, the wider economy and also the weather Trading is actively monitored by the Board of directors through the use of daily and weekly sales statistics This level and frequency of information ensures that the Board is able to make quick short-term decisions to drive volume growth or to formulate more long-term strategic decisions

The Group meets its day to day working capital requirements through an overdraft facility which is renewed annually

The Company's forecasts and projections taking account of reasonable possible changes in trading performance show that the Company expects to operate within the level of its current facilities

The directors are of the opinion that, having regard to the funding available from MSA Acquisitions Co Limited the Group has sufficient funds to continue in operational existence for at least 12 months from the date of approval of the financial statements For this reason, they continue to adopt the going concern basis in preparing the financial statements

Directors
Details of the directors who held office since 4 January 2011 are given below

S Turl
I McKay
S Lee (resigned 31 July 2011)
R Tindale
B Mashraki (appointed 19 January 2011)
L Dafna (appointed 1 February 2012)

Directors' liability insurance and indemnity

The Group has granted an indemnity to one or more of its directors against its liability in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains the same as at the date of approving the Directors' Report

Directors' statement as to disclosure of information to the auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 3 Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

• to the best of each directors' knowledge and belief, there is no information (that is, information needed by the Group s auditors in connection with preparing their report) of which the Company's auditors are unaware and

• each director had taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors were aware of that information

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Ernst & Young LLP be reappointed auditors of the Company will be put to the Annual General Meeting

On behalf of the Board

L Dafna
Director

Date 28 June 2012

RoadChef Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 3 JANUARY 2012

Statement of directors' responsibilities
The directors are responsible for preparing the Directors 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 (United Kingdom Accounting Standards and applicable law) 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 Group and Company and of the profit or loss of the Group 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 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, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will remain in business

The directors are responsible for keeping proper 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 Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

RoadChef Limited

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ROADCHEF LIMITED

We have audited the financial statements of Roadchef Limited for the year ended 3 January 2012 which comprise the Consolidated Profit and Loss Account the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historical Cost Profits and Losses the Consolidated Balance Sheet, the Company Balance Sheet and the related notes 1 to 24 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 so that we might state to the company's members those matters we are required to state to them in an auditor s report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group s and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the Group s and the parent Company s affairs as at 3 January 2012 and of the Group's 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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
opinion
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Ernst & Young LLP

Simon O'Neill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

28/6/2012

RoadChef Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 JANUARY 2012

	Note	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £m
Turnover			
Continuing operations			
Ongoing		**202 2**	202 2
Acquisitions - First Motorway Services Limited		**1 3**	-
		203 5	202 2
Discontinued operations		**-**	0 3
		203 5	202 5
Cost of sales		**(120 2)**	(117 2)
Gross profit		**83 3**	85 3
Administrative expenses			
Before exceptional items		**(76 2)**	(78 4)
Property revaluation impairment	9	**(2 1)**	(0 3)
Other exceptional items	2	**(3 2)**	(1 0)
		(81 5)	(79 7)
Other operating income		**1 5**	1 2
Operating profit/ (loss)	6		
Continuing operations			
Ongoing		**3 7**	7 6
Acquisitions - First Motorway Services Limited		**(0 3)**	-
		3 4	7 6
Discontinued operations		**(0 1)**	(0 8)
		3 3	6 8
Interest receivable and similar income		**-**	5 7
Interest payable and similar charges		**(14 6)**	(14 5)
Other finance costs		**(0 1)**	(0 2)
Net finance costs	5	**(14 7)**	(9 0)
Loss on ordinary activities before taxation		**(11 4)**	(2 2)
Taxation	7	**(1 6)**	(3 9)
Loss for the financial year	18	**(13 0)**	(6 1)

Discontinued operations relates to the sale of a hotel on 23 February 2011 by Roadchef (Winchester) Limited a subsidiary company, which ceased trading on that date

RoadChef Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 3 JANUARY 2012

	Note	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Loss for the financial year	18	(13 0)	(6 1)
Unrealised deficit on revaluation of land and buildings	9	(8 3)	(11 0)
Actuarial gains on pension schemes	20	0 5	0 5
Current tax on defined benefit pension schemes		0 1	0 1
Total recognised losses for the year		(20 7)	(16 5)

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 3 JANUARY 2012

	Note	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £ m
Reported loss on ordinary activities before taxation		(11 4)	(2 2)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	18	7 2	6 4
Historical cost (loss)/ profit on ordinary activities before taxation		(4 2)	4 2
Historical cost (loss)/ profit on ordinary activities after taxation		(5 8)	0 3

RoadChef Limited

CONSOLIDATED BALANCE SHEET
AS AT 3 JANUARY 2012

	Note	3 January 2012 £'m	4 January 2011 £ m
Fixed assets			
Intangible fixed assets	8	**1 0**	-
Tangible fixed assets	9	**391 8**	400 0
Current assets			
Stocks	11	**4 5**	3 8
Debtors amounts falling due after more than one year	12	**137 7**	137 7
Debtors amounts falling due within one year	12	**132 3**	130 6
		274 5	272 1
Creditors amounts falling due within one year	13	**(257 3)**	(239 7)
Net current assets		**17 2**	32 4
Total assets less current liabilities		**410 0**	432 4
Creditors amounts falling due after more than one year	14	**(182 9)**	(181 9)
Provisions for liabilities and charges	15	**-**	-
Deferred income	16	**(14 3)**	(15 8)
Net assets excluding pension liability		**212 8**	234 7
Pension liability	20	**(3 9)**	(5 1)
Net assets		**208 9**	229 6
Capital and reserves			
Called up share capital	17	**34 1**	34 1
Revaluation reserve	18	**202 9**	218 4
Capital reserve	18	**0 2**	0 2
Profit and loss account	18	**(28 3)**	(23 1)
Equity shareholder's funds	19	**208 9**	229 6

The financial statements were approved by the Board and authorised for issue on 28 June 2012

L Dafna
Director

RoadChef Limited

COMPANY BALANCE SHEET
AS AT 3 JANUARY 2012

	Note	3 January 2012 £'m	4 January 2011 £'m
Fixed assets			
Investments	10	**261 1**	249 3
Current assets			
Debtors amounts falling due after more than one year	12	**152 4**	148 5
Debtors amounts falling due within one year	12	**40 8**	39 8
		193 2	188 3
Creditors amounts falling due within one year	13	**(45 1)**	(35 3)
Net current assets		**148 1**	153 0
Total assets less current liabilities		**409 2**	402 3
Creditors amounts falling due after more than one year	14	**(455 3)**	(447 1)
Net liabilities		**(46 1)**	(44 8)
Capital and reserves			
Called up share capital	17	**34 1**	34 1
Revaluation reserve	18	**86 9**	86 9
Profit and loss account	18	**(167 1)**	(165 8)
Shareholder's deficit	19	**(46 1)**	(44 8)

The financial statements were approved by the Board and authorised for issue on 28 June 2012

L Dafna
Director

1 Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards (UK GAAP) which have been consistently applied The principal accounting policies are set out below

Going concern
Included within the Group's net current assets of £17,200,000 (4 January 2011 £32 400 000) are debtors of £137 700 000 (4 January 2011 £137 700 000) due after more than one year from other Group companies The directors are of the opinion that having regard to the funding available from MSA Acquisitions Co Limited the Group has sufficient funds to continue in operational existence for at least 12 months from the date of approval of the financial statements For this reason they continue to adopt the going concern basis in preparing the financial statements

Basis of consolidation
The Group financial statements consolidate the financial statements of Roadchef Limited and its subsidiary undertakings for the year ended 3 January 2012 Acquisitions are accounted for under the acquisition method The comparative period was the year ended 4 January 2011

The Company has not presented its own profit and loss account, as permitted by section 408 of the Companies Act 2006 The loss for the financial year dealt with in the financial statements of the parent company, Roadchef Limited, was £1 3m (4 January 2011 £11 0m)

Cash flow statement
The Company qualifies under Financial Reporting Standard 1 "Cash Flow Statements", for exemption from preparing a cash flow statement as it is a wholly owned subsidiary of a UK company which publishes consolidated accounts which include the company

Goodwill
Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life, which is 10 years Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover
Turnover consists of the amounts receivable from customers in the UK from the Group s continuing activity, excluding Value Added Tax Turnover on retail sales is recognised when goods are sold to the customer

Under the terms of certain fuel supply arrangements, the Group acts as an agent for the sale of fuel and fuel products on behalf of the petroleum companies The amounts included within turnover represent the commission earned on these transactions Commission is recognised upon the sale of the relevant fuel and fuel products on behalf of the petroleum companies to the customer

Interest and finance costs
Interest on loans drawn specifically for new developments incurred up to the date of practical completion, is capitalised as part of the cost of construction Financing costs associated with new borrowings are recognised in the profit and loss account over the term of the borrowings at a constant rate on the carrying amount Finance costs represent the difference between the total amount of the payments that will have to be made in respect of the borrowing instrument and the fair value of the consideration received on the issue of the instrument after deduction of costs that have been incurred and which are directly associated with the issue of that instrument and which would not have arisen had the instrument not been issued

Vendor allowances
The Group receives various types of vendor allowances These take the form of up-front payments such as lump sum payments or prepaid amounts rebates in the form of cash or credits, and other forms of payments These amounts are shown as a reduction in the cost of sales as the Group becomes entitled to them

Development costs and pre-opening expenses
External development costs are carried forward and capitalised if and when sites are developed, and when its future recoverability can be reasonably regarded as assured Otherwise they are written off to the profit and loss account as incurred

Pre-opening expenses incurred prior to the opening of new motorway service areas are written off in the period in which they arise

1 Accounting policies (continued)

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost (including capitalised interest) or valuation, net of depreciation and any provision for impairment and are written off over their expected useful lives on a straight line basis as follows

Freehold and long leasehold buildings	50 years
Long leasehold land	Over the term of the lease
Short leasehold land and buildings	Over the term of the lease

The cost of other tangible fixed assets comprises fixtures fittings computer equipment and motor vehicles and is written off over their expected useful lives on a straight line basis as follows

Fixtures and fittings	5 - 25 years
Computer equipment	3 - 5 years
Motor vehicles	4 years

Assets in the course of construction are not depreciated and are transferred to their appropriate categories once completed

Revaluation of properties
Individual freehold long leasehold and short leasehold properties are professionally valued at least every five years and internally valued on the third year following the professional valuation The surplus or deficit on book value is transferred to the revaluation reserve except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such deficit is charged (or credited) to the profit and loss account

Where depreciation charges are increased following a revaluation an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a transfer of reserves On the disposal or recognition of a provision for impairment of a revalued fixed asset any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves

Impairment of intangible and tangible fixed assets
At each balance sheet date the Group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the impairment is calculated as the difference between the carrying value and the recoverable value of income-generating units Recoverable value is the higher of net realisable value and estimated value in use at the date the impairment loss is recognised Value in use represents the present value of expected future discounted cash flows For other fixed assets if incurred, impairment is recognised immediately within the profit and loss account For properties that have been previously revalued impairment is initially recognised through the revaluation reserve with any excess impairment over previous increase in revaluation, taken to the profit and loss account

Fixed asset investments
Fixed asset investments are stated at cost or valuation less provision for impairment

Stocks
Stocks are stated at the lower of cost and net realisable value Cost is based on the cost of purchase on a first in, first out basis There is no inclusion of overheads in stocks

1 Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax with the following exceptions

- Provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date there is a binding agreement to dispose of the assets concerned However, no provision is made where on the basis of all available evidence at the balance sheet date it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement asset is sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date

Loans and borrowings

Loans and borrowings are initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period

Deferred income

Deferred income represents advances received from suppliers in respect of exclusive supply arrangements and is released to the profit and loss account over the period of each agreement

Pensions

The pension costs for defined contribution schemes are the contributions payable in the year The Group operates two pension schemes providing benefits based on final pensionable pay The assets are held separately from those of the Group The pension scheme surplus or deficit is recognised in full The liability recognised in respect of defined benefit schemes is the present value of the defined benefit obligation less the market value of the assets The defined benefit obligation is calculated annually by independent actuaries using the projected unit method The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using interest rates on high quality corporate bonds denominated in sterling The movement in the scheme surplus/deficit is split between administrative expenses finance costs and the statement of total recognised gains and losses in line with FRS 17

Rental income

Rental income recognised in the profit and loss account consists of the amounts receivable under rental contracts net of Value Added Tax Provision is made for any irrecoverable amounts

Exceptional items

Exceptional items comprise events or transactions which by virtue of their size and incidence the directors consider to be exceptional in nature and have been disclosed separately in order to improve a reader's understanding of the financial statements

Leases

Rentals paid under operating leases are charged in the profit and loss account on a straight line basis over each lease term

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives The capital element of future obligations under finance leases are included as liabilities in the balance sheet The interest element of the rental obligations are charged in the profit and loss account over the period of the lease

Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from the requirement to disclose transactions between wholly owned Group companies on the grounds that consolidated financial statements are prepared by the ultimate parent Company Delek Group Limited

2 Other exceptional items

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Restructuring costs	1 0	0 5
Write off of deferred consideration	-	0 5
Contract provision	0 6	-
Pre-opening expenses	1 0	-
Other	0 6	-
	3 2	1 0

The restructuring costs relate to redundancy costs of employees incurred following a Group reorganisation and early exit franchise penalties

The exceptional contract provision is in respect on onerous supplier contracts and the pre-opening expenses relate to costs associated with McDonald's openings

The other items relate to exceptional write offs and penalty charges

The write of off deferred consideration in the year ended 4 January 2011 relates to deferred consideration no longer receivable following the sale of a hotel in February 2011 by Roadchef (Winchester) Limited a subsidiary company

3 Employee costs

	Year ended 3 January 2012 Number	Year ended 4 January 2011 Number
Motorway service areas	2,134	1 956
Head office	47	48
	2,181	2,004

Their payroll costs comprised

	£'m	£'m
Wages and salaries	27 1	26 9
Social security costs	1 9	2 0
Other pension costs	1 0	1 1
	30 0	30 0

4 Directors' remuneration

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Aggregate remuneration in respect of qualifying services	0 9	1 0
Aggregate of company contributions paid in respect of money purchase schemes	0 1	0 2
Number of directors accruing benefits under money purchase schemes	4	5
In respect of the highest paid director		
Aggregate remuneration	0 4	0 3
Company contributions paid in respect of money purchase schemes	0 1	0 1

There were no directors (4 January 2011 none) who were members of a defined benefit pension scheme

5 Net finance costs

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Interest receivable		
On loans to immediate parent company	-	5 6
Other interest receivable	-	0 1
	-	5 7
Interest payable and similar charges		
Bank loans and overdrafts	(1 3)	(1 3)
Secured loan notes	(12 3)	(12 8)
Finance costs of loans	(0 6)	(0 2)
Other interest	(0 4)	(0 2)
	(14 6)	(14 5)
Other finance costs		
Pensions (note 20)	(0 1)	(0 2)
Net finance costs	(14 7)	(9 0)

6 Operating profit

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Operating profit is stated after charging/ (crediting)		
Depreciation of tangible fixed assets		
- owned assets	7 1	6 0
- leased assets	11 0	10 1
Loss on disposal of tangible fixed assets		
- plant and machinery	-	0 1
Exceptional item - property revaluation impairment	2 1	0 3
Amortisation of deferred income	(2 1)	(1 7)
Rental income from forecourts transferred to BP	(1 5)	(1 2)
Operating lease rentals		
- land and buildings	2 6	2 9
- plant and machinery	0 3	0 1
Auditors' remuneration - audit of the financial statements *	0 2	0 2

* £5 000 (4 January 2011 £5 000) of this relates to the company

The audit fees of the Group and fellow group companies, totalling £255,000 (4 January 2011 £450,000) was borne by Roadchef Motorways Limited, a subsidiary company

7 Taxation

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Corporation tax		
Group relief payable	2 4	4 0
Adjustments in respect of prior years	-	(0 1)
Total current tax	2 4	3 9
Deferred tax		
Origination and reversal of timing differences	(0 8)	-
Taxation on loss on ordinary activities	1 6	3 9

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 26 5% (4 January 2011 28%) The material differences are reconciled below

Loss on ordinary activities before taxation	(11 4)	(2 2)
Loss on ordinary activities before taxation multiplied by the UK tax rate of 26 5% (4 January 2011 28%)	(3 0)	(1 1)
Depreciation in excess of capital allowances	1 5	1 2
Expenses not deductible for tax purposes	4 0	4 0
Adjustments in relation to prior year/group relief allocation	-	(0 1)
Other timing differences	(0 1)	(0 1)
Current tax charge	2 4	3 9

The Group has claimed group relief relating to the current and prior year from other group companies for £2 4m (4 January 2011 £3 9m) consideration

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the 2011 and 2012 Budget Statements At the Balance Sheet date a rate of 25% (effective from 1 April 2012) had been substantively enacted, and this has therefore been reflected in the closing deferred tax calculations A further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012, and further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 These further changes had not been substantively enacted at the Balance Sheet date and therefore, are not included in these financial statements The proposed changes will lead to a reduction in unprovided deferred tax assets and liabilities From the information available at the balance sheet date it is anticipated that the unprovided deferred tax asset of £23 5m on accelerated capital allowances pension fund tax losses and other short term timing differences would reduce to £20 7m and the unprovided deferred tax liability of £64 3m on property revaluations would reduce to £56 6m if the deferred tax balance all reversed at 22%

	3 January 2012		4 January 2011	
	Amount provided	Not provided	Amount provided	Not provided
Deferred taxation	£'m	£'m	£'m	£'m
Accelerated capital allowances	-	(13 8)	-	(14 0)
Property revaluations	-	64 3	-	73 6
Pension fund	-	(1 0)	-	(1 3)
Tax losses	-	(6 4)	-	(7 0)
Other short term timing differences	-	(2 3)	-	(2 5)
	-	40 8	-	48 8

	£m
At 4 January 2011 potential deferred tax liability	48 8
Movement in unprovided deferred tax	(8 0)
At 3 January 2012 potential deferred tax liability	40 8

8 Intangible fixed assets

Group

	Goodwill on consolidation £'m
Cost	
At 5 January 2011	-
Additions	1 0
At 3 January 2012	**1 0**
Amortisation	
At 5 January 2011	-
Charge for year	-
At 3 January 2012	**-**
Net book value	
At 3 January 2012	**1 0**
At 4 January 2011	-

9 Tangible fixed assets

Group

	Land and buildings				
	Freehold £'m	Long leasehold £'m	Short leasehold £'m	Other £'m	Total £'m
Cost or valuation					
At 5 January 2011	85 9	45 0	255 6	24 2	410 7
Additions	-	-	-	9 3	9 3
Acquisition of a subsidiary	-	-	10 7	0 3	11 0
Disposals	-	-	-	(0 8)	(0 8)
Revaluation adjustment	2 2	2 3	(31 5)	-	(27 0)
At 3 January 2012	**88 1**	**47 3**	**234 8**	**33 0**	**403 2**
Depreciation					
At 5 January 2011	1 2	0 6	2 9	6 0	10 7
Charge for year	1 1	0 8	10 2	6 0	18 1
Disposals	-	-	-	(0 8)	(0 8)
Revaluation adjustment	(2 3)	(1 4)	(12 9)	-	(16 6)
At 3 January 2012	**-**	**-**	**0 2**	**11 2**	**11 4**
Net book value					
At 3 January 2012	**88 1**	**47 3**	**234 6**	**21 8**	**391 8**
At 4 January 2011	84 7	44 4	252 7	18 2	400 0

Other tangible fixed assets includes assets with a cost of £3 2m (4 January 2011 £1 2m) and accumulated depreciation of £0 3m (4 January 2011 £nil) subject to finance leases

During 2009 an agreement was entered into with BP to lease some of the forecourts that are included within the total value of fixed assets It is not possible to separately identify the exact value of these forecourts as they are not valued on a stand alone basis

The cost of freehold land and buildings includes capitalised interest of £0 1m (4 January 2011 £0 1m) The cost of long leasehold land and buildings includes capitalised interest of £0 1m (4 January 2011 £0 1m) The cost of short leasehold land and buildings includes capitalised interest of £0 8m (4 January 2011 £0 8m)

The freehold and leasehold land and buildings were professionally valued by external valuers DTZ Debenham Tie Leung as at 31 December 2011 on an open market for existing use basis in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual

At 3 January 2012 the Group had unprovided capital commitments of £0 9m (31 March 2011 £nil)

10 Fixed asset investments

Company	Subsidiary undertaking £'m
Cost and net book value	
At 5 January 2011	249 3
Acquisition of a subsidiary	7 5
Subscription to shares in group undertaking during the year	4 3
At 3 January 2012	**261 1**

The Company s principal subsidiaries are listed below These companies are wholly owned and the shareholdings are in ordinary shares

Name	Country of registration	Holding	Principal activity
Roadchef Motorways Holdings Limited	England and Wales	Direct	Intermediate holding company
Roadchef Development Holdings Limited	England and Wales	Direct	Intermediate holding company
Roadchef Motorways Limited	England and Wales	Indirect	Motorway service area
Blue Boar Motorways Limited	England and Wales	Indirect	Motorway service area
Takeabreak Motorway Services Limited	England and Wales	Indirect	Motorway service area
Roadchef (Chesterfield) Limited	England and Wales	Indirect	Motorway service area
Roadchef (Winchester) Limited	England and Wales	Indirect	Motorway service area
Roadchef (Stafford) Limited	England and Wales	Indirect	Motorway service area
Roadchef (Chasewater) Limited	England and Wales	Indirect	Motorway service area
First Motorway Services Limited	England and Wales	Direct	Motorway service area
Roadchef Properties Limited	England and Wales	Direct	Property holding company
Roadchef Finance Limited	Cayman Islands	Indirect	Financing

11 Stocks

Group	3 January 2012 £'m	4 January 2011 £'m
Raw materials and consumables	**2 6**	2 1
Goods for resale	**1 9**	1 7
	4 5	3 8

The replacement value of stock is not materially different than cost

RoadChef Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 3 JANUARY 2012

12 Debtors

	3 January 2012 £'m	4 January 2011 £m
Group		
Amounts falling due within one year		
Trade debtors	5 0	4 2
Amounts owed by group companies	125 6	123 1
Other debtors	0 6	0 5
Prepayments and accrued income	1 1	2 8
	132 3	130 6
Amounts falling due after more than one year		
Amount owed by group company	137 7	137 7
	270 0	268 3

	3 January 2012 £'m	4 January 2011 £'m
Company		
Amounts falling due within one year		
Amounts owed by group companies	40 8	39 8
	40 8	39 8
Amounts falling due after more than one year		
Amounts owed by group companies	152 4	148 5
	193 2	188 3

13 Creditors amounts falling due within one year

	3 January 2012 £'m	4 January 2011 £m
Group		
Bank overdraft	1 6	0 7
Unsecured bank loan	30 7	18 2
Secured loan notes (note 14)	6 2	5 9
Unsecured loans (note 14)	0 3	0 1
Finance leases (note 14)	0 2	0 1
Trade creditors	10 5	13 8
Amounts owed to group companies	195 2	192 1
Other taxes and social security	5 4	1 7
Other creditors	0 1	0 1
Accruals	7 1	7 0
	257 3	239 7

	3 January 2012 £'m	4 January 2011 £'m
Company		
Bank overdraft	0 5	-
Unsecured bank loan	9 4	-
Amounts owed to group companies	35 2	35 3
	45 1	35 3

14 Creditors amounts falling due after more than one year

	3 January 2012 £'m	4 January 2011 £'m
Group		
Secured bank loan	**8 1**	-
Unsecured bank loan	**-**	3 0
Secured loan notes	**150 8**	156 8
Unsecured loans	**2 1**	1 0
Finance leases	**1 9**	1 1
Amounts owed to group companies	**20 0**	20 0
	182 9	181 9

	3 January 2012 £'m	4 January 2011 £'m
Secured bank loan maturity		
Repayable in more than one year but not more than two years	**0 5**	-
Repayable in more than two years but not more than five years	**7 6**	-
	8 1	-

The secured bank loan is repayable as follows

	3 January 2012 £'m	4 January 2011 £'m
Loans repayable November 2014 to November 2016	**8 1**	-
	8 1	-

	3 January 2012 £'m	4 January 2011 £ m
Secured loan note maturity		
Repayable in more than one year but not more than two years	**6 7**	6 2
Repayable in more than two years but not more than five years	**23 3**	21 6
Repayable in more than five years	**120 8**	129 0
	150 8	156 8
Repayable in one year or less	**6 2**	5 9
	157 0	162 7

The secured loan notes are repayable as follows

	3 January 2012 £'m	4 January 2011 £'m
7 418% secured notes repayable October 2009 to October 2023	**116 4**	122 3
8 015% secured notes repayable October 2024 to October 2026	**42 0**	42 0
	158 4	164 3
Less finance costs allocated to future periods	**(1 4)**	(1 6)
	157 0	162 7

14 Creditors amounts falling due after more than one year (continued)

	3 January 2012 £'m	4 January 2011 £'m
Unsecured loan maturity		
Repayable in more than one year but not more than two years	0 3	0 1
Repayable in more than two years but not more than five years	0 8	0 3
Repayable in more than five years	1 0	0 6
	2 1	1 0
Repayable in one year or less	0 3	0 1
	2 4	1 1

The unsecured loans are repayable as follows

	3 January 2012 £'m	4 January 2011 £ m
Loans repayable April 2011 to September 2020	2 4	1 1

	3 January 2012 £'m	4 January 2011 £'m
Finance lease maturity		
Repayable in more than one year but not more than two years	0 2	0 1
Repayable in more than two years but not more than five years	0 6	0 3
Repayable in more than five years	1 1	0 7
	1 9	1 1
Repayable in one year or less	0 2	0 1
	2 1	1 2

The finance leases are repayable as follows

	3 January 2012 £'m	4 January 2011 £'m
Repayable January 2011 to October 2021	2 8	1 7
	2 8	1 7
Less finance costs allocated to future periods	(0 7)	(0 5)
	2 1	1 2

14 Creditors amounts falling due after more than one year (continued)

Unsecured bank loan
When the Group renewed its banking facilities during the previous period it was offered an overdraft facility and a revolving money market loan The overall facility amount remained the same but the overdraft limit was reduced and in its place the Group was able to draw down on a revolving money market loan The group has the option to use either the revolving money market loan for the full facility amount or a combination of the overdraft and money market loan At the period end the revolving money market loan was drawn down in full Interest is charged at a fixed rate when the loan is drawn down

Unsecured loans
The unsecured loan is repayable in equal monthly instalments of £23 000 between April 2011 and September 2020 No interest is charged on the unsecured loan

Secured bank loan
The bank loans are secured by fixed and floating charges over the assets of First Motorway Services Limited

Secured loan notes
Interest is borne on each type of loan note at the following rates

Notes repayable October 2009 to 2023	- Annually in arrears at 7 418%
Notes repayable October 2024 to 2026	- Annually in arrears at 8 015%

The loan notes bear interest at fixed rates as detailed above The notes are secured by fixed and floating charges over the assets of Roadchef Motorways Holdings Limited and its subsidiaries

Finance leases
The finance leases are repayable in equal monthly instalments of £24,000 between February 2011 and October 2021 Interest is charged at a rate of 6-7% per annum The finance leases are secured by charges over specific related assets

Company	3 January 2012 £'m	4 January 2011 £ m
Secured bank loan	8 1	-
Amounts owed to group companies	447 2	447 1
	455 3	447 1

Amounts owed to group companies
Amounts owed to group companies are repayable as follows

0 00% (4 January 2011 - 13 71%) unsecured loan repayable November 2026	243 3	243 3
0 00% (4 January 2011 - 9 23%) unsecured loan, repayable November 2026	59 2	59 2
0 00% (4 January 2011 - 8 36%) unsecured loan repayable November 2026	94 4	94 4
Other amounts owed to group companies	50 3	50 2
	447 2	447 1

No interest has been charged on amounts owed to group companies effective from January 2011

The other amounts owed to group companies are unsecured non-interest bearing and have no fixed repayment dates The fellow group companies have indicated that they will not require repayment before twelve months from the date of signature of these financial statements

14 Creditors amounts falling due after more than one year (continued)

Company	3 January 2012 £'m	4 January 2011 £'m
Secured bank loan maturity		
Repayable in more than one year but not more than two years	**0 5**	-
Repayable in more than two years but not more than five years	**7 6**	-
	8 1	-

The secured bank loan is repayable as follows

	3 January 2012 £'m	4 January 2011 £'m
Loans repayable November 2014 to November 2016	**8 1**	-
	8 1	-

The bank loans are secured by fixed and floating charges over the assets of First Motorway Services Limited

15 Provisions for liabilities

	Deferred taxation £'m
Group	
At 5 January 2011	-
Acquisition of a subsidiary	**0 8**
Credited to profit and loss account	**(0 8)**
At 3 January 2012	-

16 Deferred income

	3 January 2012 £'m	4 January 2011 £'m
Group		
At 5 January 2011	**15 8**	16 1
Additions	**0 6**	1 4
Credited to profit and loss account	**(2 1)**	(1 7)
At 3 January 2012	**14 3**	15 8

RoadChef Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 3 JANUARY 2012

17 Share capital

	3 January 2012 £'m	4 January 2011 £'m
Group and Company		
Allotted, called up and fully paid		
341 000 000 ordinary shares of £0 10 each	**34 1**	34 1

18 Reserves

Group	Revaluation reserve £'m	Capital reserve £'m	Profit and loss account £'m	Total £'m
At 5 January 2011	218 4	0 2	(23 1)	**195 5**
Loss for the financial year	-	-	(13 0)	**(13 0)**
Actuarial gain on pension scheme	-	-	0 5	**0 5**
Current tax on defined benefit pension schemes	-	-	0 1	**0 1**
Revaluation of fixed assets	(8 3)	-	-	**(8 3)**
Reserve transfer	(7 2)	-	7 2	**-**
At 3 January 2012	**202 9**	**0 2**	**(28 3)**	**174 8**

Company	Revaluation reserve £'m	Profit and loss account £'m	Total £'m
At 5 January 2011	86 9	(165 8)	**(78 9)**
Loss for the financial year	-	(1 3)	**(1 3)**
At 3 January 2012	**86 9**	**(167 1)**	**(80 2)**

19 Reconciliation of movement in shareholder's funds

Group	3 January 2012 £'m	4 January 2011 £'m
At 5 January 2011	**229 6**	246 1
Loss for the financial year	**(13 0)**	(6 1)
Revaluation of fixed assets	**(8 3)**	(11 0)
Actuarial gain on pension scheme	**0 5**	0 5
Current tax on defined benefit pension schemes	**0 1**	0 1
At 3 January 2012	**208 9**	229 6

Company	3 January 2012 £'m	4 January 2011 £'m
At 5 January 2011	**(44 8)**	(33 8)
Loss for the financial year	**(1 3)**	(11 0)
At 3 January 2012	**(46 1)**	(44 8)

20 Pension schemes

Defined Contribution Scheme

The Group operates a number of defined contribution pension schemes in respect of head office staff and senior executives The assets of these schemes are held separately from those of the Group in independently administered funds The pension charge for the year for these schemes amounted to £0 5m (4 January 2011 £0 2m) An amount of £nil (4 January 2011 £nil) is owed to the pension schemes at the period end

Defined benefit schemes

Roadchef Motorways Holdings Limited

The Group operates a defined benefit pension scheme providing benefits at retirement and on death-in-service The assets of the scheme are held separately from those of the Group being invested with an insurance company The most recent actuarial valuation was at 31 May 2011

The level of increase provided on pensions in payment in respect of service after 1 September 2005 has been reduced to Limited Price Indexation subject to a 2 5% maximum increase (previously the maximum increase was 5%) Also with effect from 1 September 2005 active members can either choose to retain a pension unit of 1/60th and pay increased employee contributions of 8% or continue to pay 5% and receive a lower pension unit of 1/80th

The scheme is closed to new entrants and the average age of active members will increase over time Under the projected unit credit method the current service cost as a percentage of salary will increase as active members of the scheme approach retirement

The pension contributions for the year in respect of this scheme were £0 9m (4 January 2011 £0 5m), all of which were paid by Roadchef Motorways Limited

The market value of the scheme s assets as at 31 May 2011 was £13 1m The actuarial value of the assets as at 31 May 2011 represented 79% of the accrued benefits

The actuarial valuations described above have been updated at 3 January 2012 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17 Investments have been valued, for this purpose, at fair value The valuation of the scheme as at 3 January 2012 is a deficit of £2 0m (4 January 2011 deficit £3 5m)

The major assumptions used by the actuary were

	3 January 2012	4 January 2011
Rate of increase in salaries	**3 25%**	3 90%
Rate of increase in 5% capped pensions in payment	**3 00%**	3 70%
Rate of increase in 2 5% capped pensions in payment	**2 20%**	2 40%
Discount rate	**4 80%**	5 40%
Inflation assumption (retail price index)	**3 00%**	3 70%
Inflation assumption (consumer price index)	**2 10%**	3 00%

In addition to the above financial assumptions the principal demographic assumptions used by the actuary relate to post-retirement member mortality and are as follows

20 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

	3 January 2012	4 January 2011
Active and deferred members	PA92 + 2yrs MC min 1%	PA92 + 2yrs MC min 1%
Pensioners	PA92 + 2yrs MC min 1%	PA92 + 2yrs MC min 1%

For the period ended 3 January 2012 the PA92 Year of Birth mortality tables were used rated up by two years with an allowance for medium cohort improvements and a 1% underpin on future improvements in mortality This is consistent with the assumption adopted last year By way of example a male member aged 45 at the accounting date would be expected to live for another 23 2 years after reaching age 65 and a male member aged 65 at the valuation date would be expected to live for another 21 3 years A female aged 45 at the accounting date would be expected to live for another 26 6 years after reaching age 65 and a female member aged 65 at the valuation date would be expected to live for another 24 5 years

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were

	3 January 2012 £'m	4 January 2011 £'m	2 January 2010 £'m	3 January 2009 £'m	25 September 2007 £'m
Equities	7 2	11 5	10 3	8 5	9 0
GARS	4 9	-	-	-	-
Bonds	5 4	5 0	4 2	3 5	3 8
Cash	0 2	0 1	0 1	0 1	0 3
Total market value of assets	17 7	16 6	14 6	12 1	13 1
Present value of scheme liabilities	(19 7)	(20 1)	(19 0)	(14 3)	(14 9)
Deficit in the scheme	(2 0)	(3 5)	(4 4)	(2 2)	(1 8)

The expected rate of return of scheme assets at the balance sheet date were

	3 January 2012 %	4 January 2011 %
Equities	7 0%	7 5%
GARS	7 0%	-
Bonds	3 5%	4 9%
Cash	0 5%	0 5%

A deferred tax asset of £0 5m (2011 £0 9m) has not been recognised due to current uncertainty associated with the recoverability of the asset

Changes in fair value of the plan assets are analysed as follows

	3 January 2012 £'m	4 January 2011 £'m
Opening fair value of scheme assets	16 6	14 6
Expected return on plan assets	1 1	1 0
Actuarial (losses)/ gains	(0 2)	0 8
Contributions by Employer	0 9	0 5
Employee contributions	0 1	0 1
Benefits paid	(0 8)	(0 4)
Closing fair value of scheme assets	17 7	16 6

20 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

Changes in fair value of the plan liabilities are analysed as follows

	3 January 2012 £'m	4 January 2011 £'m
Opening fair value of scheme liabilities	**20 1**	19 0
Current service cost	**0 4**	0 2
Interest on pension liabilities	**1 1**	1 1
Actuarial (gains)/ losses	**(1 2)**	0 2
Employee contributions	**0 1**	-
Benefits paid	**(0 8)**	(0 4)
Closing fair value of scheme liabilities	**19 7**	20 1

The following entries have been made in the financial statements

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Operating profit		
Current service cost	**(0 4)**	(0 2)
Total operating charge	**(0 4)**	(0 2)
Other finance charges		
Expected return on pension assets	**1 1**	1 0
Interest on pension liabilities	**(1 1)**	(1 1)
Net finance cost	**-**	(0 1)

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	**(0 2)**	0 8
Experience gains and losses arising on pension scheme liabilities	**1 2**	0 1
Changes in assumptions underlying the present value of the scheme's liabilities	**-**	(0 3)
Actuarial gain recognised in STRGL	**1 0**	0 6

Movement in liability in the year

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Net deficit	**(3 5)**	(4 4)
Current service cost	**(0 4)**	(0 2)
Contributions	**0 9**	0 6
Other finance charges	**-**	(0 1)
Actuarial gains	**1 0**	0 6
Net deficit	**(2 0)**	(3 5)

20 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

Details of experience gains and losses

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £m	Year ended 2 January 2010 £m	66 weeks ended 3 January 2009 £m	53 weeks ended 25 September 2007 £'m
Difference between the expected and actual return in scheme assets					
- amount	**(0 2)**	0 8	1 5	(3 3)	0 4
Experience gains/ (losses) on liabilities					
- amount	**1 2**	0 1	(0 0)	(0 0)	(0 0)
Total amount recognised in STRGL					
- amount	**1 0**	0 6	(2 5)	(1 4)	2 1
- as a percentage of scheme liabilities	**5%**	3%	13%	(10)%	14%

The cumulative amount of actuarial gains and losses recognised since 1 January 2002 in the statement of total recognised gains and losses is a net loss of £2 7m (4 January 2011 £3 7m)

The average contribution rate for the period ended 3 January 2012 was 17 8% (4 January 2011 17 8%) of pensionable earnings and the agreed contribution rate for the next year is 17 8% of pensionable earnings rising to 18 0% from 1 June 2012

As the scheme is closed to new members it is expected that the current service cost will rise more significantly as members approach retirement age

Blue Boar Motorways Limited

Blue Boar Motorways Limited operates a defined benefit pension scheme which was closed to new members from 1 June 1995 Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the average remaining service life of employees with the company The contributions are determined by a qualified actuary using the defined accrued benefit method The most recent actuarial valuation was on 31 May 2010

The pension contributions for the year in respect of this scheme were £0 3m (4 January 2011 £0 3m) all of which were paid by Roadchef Motorways Limited

The market value of the scheme's assets as at 31 May 2010 was £4 2m and this was sufficient to cover 71% of the benefits that had accrued to members

The actuarial valuations described above have been updated at 3 January 2012 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17 Investments have been valued for this purpose at fair value The valuation of the scheme as at 3 January 2012 is a deficit of £1 9m (4 January 2011 deficit £1 6m)

The major assumptions used by the actuary were

	3 January 2012	4 January 2011
Rate of increase in salaries	**3 25%**	3 90%
Rate of increase in 5% capped pensions in payment	**3 00%**	3 70%
Rate of increase in 2 5% capped pensions in payment	**2 20%**	2 40%
Discount rate	**4 80%**	5 40%
Inflation assumption (retail price index)	**3 00%**	3 70%
Inflation assumption (consumer price index)	**2 10%**	3 00%

20 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

In addition to the above financial assumptions the principal demographic assumptions used by the actuary relate to post-retirement member mortality

	3 January 2012	4 January 2011
Active and deferred members	**PA92 + 2yrs MC min 1%**	PA92 + 2yrs MC min 1%
Pensioners	**PA92 + 2yrs MC min 1%**	PA92 + 2yrs MC min 1%

For the period ended 3 January 2012 the PA92 Year of Birth mortality tables were used, rated up by two years, with an allowance for medium cohort improvements and a 1% underpin on future improvements in mortality This is consistent with the assumption adopted last year By way of example a male member aged 45 at the accounting date would be expected to live for another 23 2 years after reaching age 65 and a male member aged 65 at the valuation date would be expected to live for another 21 3 years A female aged 45 at the accounting date would be expected to live for another 26 6 years after reaching age 65 and a female member aged 65 at the valuation date would be expected to live for another 24 5 years

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were

	3 January 2012 £'m	4 January 2011 £'m	2 January 2010 £'m	3 January 2009 £'m	25 September 2007 £ m
Equities	**2 5**	2 7	2 5	2 1	3 0
Bonds	**1 9**	1 8	1 5	1 4	1 2
Cash	**0 1**	-	0 1	-	-
Total market value of assets	**4 5**	4 5	4 1	3 5	4 2
Present value of scheme liabilities	**(6 4)**	(6 1)	(5 8)	(5 0)	(5 1)
Deficit in the scheme	**(1 9)**	(1 6)	(1 7)	(1 5)	(0 9)

The expected rate of return of scheme assets at the balance sheet date were

	3 January 2012 %	4 January 2011 %
Equities	**7 0%**	7 5%
Bonds	**4 7%**	5 4%
Cash	**0 5%**	5%

A deferred tax asset of £0 5m (2011 £0 4m) has not been recognised due to current uncertainty associated with the recoverability of the asset

Changes in fair value of the plan assets are analysed as follows

	3 January 2012 £'m	4 January 2011 £ m
Opening fair value of scheme assets	**4 5**	4 1
Expected return on plan assets	**0 2**	0 2
Actuarial (losses)/ gains	**(0 3)**	0 2
Contributions by Employer	**0 3**	0 3
Benefits paid	**(0 2)**	(0 3)
Closing fair value of scheme assets	**4 5**	4 5

20 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

Changes in fair value of the plan liabilities are analysed as follows

	3 January 2012 £'m	4 January 2011 £m
Opening fair value of scheme liabilities	**6 1**	5 8
Interest on pension liabilities	**0 3**	0 3
Actuarial losses	**0 2**	0 3
Benefits paid	**(0 2)**	(0 3)
Closing fair value of scheme liabilities	**6 4**	6 1

The following entries have been made in the financial statements

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Operating profit		
Current service cost	**-**	-
Total operating charge	**-**	-
Other finance charges		
Expected return on pension assets	**0 2**	0 2
Interest on pension liabilities	**(0 3)**	(0 3)
Net finance cost	**(0 1)**	(0 1)

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	**(0 3)**	0 2
Experience gains and losses arising on pension scheme liabilities	**0 1**	(0 2)
Changes in assumptions underlying the present value of the scheme's liabilities	**(0 3)**	(0 1)
Actuarial loss recognised in STRGL	**(0 5)**	(0 1)

Movement in liability in the year

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m
Net deficit	**(1 6)**	(1 7)
Contributions	**0 3**	0 3
Other finance charges	**(0 1)**	(0 1)
Actuarial losses	**(0 5)**	(0 1)
Net deficit	**(1 9)**	(1 6)

20 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

Details of experience gains and losses

	Year ended 3 January 2012 £'m	Year ended 4 January 2011 £'m	Year ended 2 January 2010 £'m	66 weeks ended 3 January 2009 £'m	53 weeks ended 25 September 2007 £'m
Difference between the expected and actual return in scheme assets					
- amount	**(0 3)**	0 2	0 4	(0 9)	0 1
Experience gains/ (losses) on liabilities					
- amount	**0 1**	(0 2)		0 1	0 1
Total amount recognised in STRGL					
- amount	**(0 5)**	(0 1)	(0 3)	(0 8)	0 7
- as a percentage of scheme liabilities	**8%**	(2)%	5%	(16)%	13%

The cumulative amount of actuarial gains and losses recognised since 1 January 2002 in the statement of total recognised gains and losses is a net loss of £2 0m (4 January 2011 £1 5m)

The contribution rate for the period ended 3 January 2012 was 13 4% (4 January 2011 13 4%) of pensionable earnings and the agreed contribution rate for the next year is 13 4% of pensionable earnings plus a fixed amount of £15,385 every four weeks

As the scheme is closed to new members it is expected that the current service cost will rise more significantly as members approach retirement age

21 Acquisitions

Acquisition of First Motorway Services Limited

On 10 August 2011 the Group acquired 100% of the voting equity shares of First Motorway Services Limited a private company based in Newport, Gwent The company is involved in the operation of motorway and trunk road service areas and the acquisition increases the presence of the group along the M4 corridor The consideration of £6 995 000 was satisfied in cash

In calculating the goodwill arising on acquisition, the fair value of the net assets of First Motorway Services Limited have been assessed and adjustments from book value have been made where necessary The book and fair values of the net assets at date of acquisition were as follows

	Book value £'m	Revaluation of fixed assets £'m	Fair Value £'m
Property plant and equipment	8 6	2 4	11 0
Inventories	0 2		0 2
Trade receivables	0 1		0 1
Cash and short-term deposits	0 3		0 3
Trade payables	(0 6)		(0 6)
Loans	(3 7)		(3 7)
Deferred tax liabilities	(0 8)	-	(0 8)
Net assets	4 1	2 4	6 5

	£'m
Cash consideration (including acquisition costs of £500 000)	**7 5**
Net assets acquired	**6 5**
Goodwill arising on acquisition	**1 0**

From the date of acquisition to 3 January 2012 First Motorway Services Limited contributed revenues of £1 345,000 to the Group and a profit after tax of £517 000

21 Acquisitions (continued)

The results of First Motorway Services Limited prior to its acquisition were as follows

Profit and loss account

	Current period up to acquisition £'m	Year ended 31 March 2011 £'m
Turnover	1 5	3 7
Operating (loss)/ profit	(0 5)	0 5
Net finance costs	-	(0 1)
(Loss)/ profit on ordinary activities before taxation	(0 5)	0 4
Taxation	-	(0 1)
(Loss)/ profit for the year	(0 5)	0 3

Cash flows

The net outflow of cash arising from the acquisition of First Motorway Services Limited was as follows

	£'m
Cash consideration as above	7 5
Cash acquired	(0 3)
Net outflow of cash	7 2

22 Financial commitments

The Group had annual commitments under non-cancellable operating leases as follows

	3 January 2012		4 January 2011	
	Land and buildings £'m	Plant and machinery £'m	Land and buildings £m	Plant and machinery £'m
Within one year	0 2	-	0 2	0 1
Between one and two years	-	0 1	0 1	-
Between two and five years	-	0 2	0 2	0 1
After more than five years	1 8	-	2 3	-
	2 0	0 3	2 8	0 2

23 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of certain fellow subsidiary companies The aggregate amount outstanding as at 3 January 2012 was £23 9m (4 January 2011 £6 0m)

As disclosed in prior years financial statements the business of the Group s ultimate parent undertaking in the United Kingdom, MSA Acquisitions Co Limited, was operated under an operating agreement with County Estate Management Services Limited ('CEM) between 2008 and the date of the early termination of that agreement in April 2010 The main effect of the agreement on the financial statements was the presentation of the property portfolio as investment properties as opposed to tangible fixed assets and the profit and loss account being shown on a net basis with Roadchef Limited turnover representing the fixed revenue stream under the contract MSA Acquisitions Co Limited has to date not been successful in recovering amounts due under the contract from CEM and has provided in full for those amounts This issue led the directors to consider the presentation of the agreement in the relevant financial statements

Even if the CEM contract had not been in place the financial statements for the year ended 3 January 2012 including the comparative numbers would only be impacted by an equal and opposite change in the revaluation reserve and profit and loss reserve, there would be no change in equity shareholder's funds and the directors consider that this difference is immaterial to the current year financial statements The impact on prior year financial statements has been disclosed in those documents

In addition the board of MSA were made aware that on 3 December 2009 the Israeli Security Authority (ISA) commenced an open investigation into matters relating to reports made public in Israel by Delek Real Estate Limited (DRE') MSA's controlling shareholder at that time MSA has been notified that the ISA investigation includes among other matters the management agreement between MSA and CEM that the group operated under between 2008 and April 2010 The Directors have been informed that there is at present no direct investigation into the conduct of MSA and therefore at present the directors do not believe that this investigation will have any direct impact on the company and its activities however there can be no certainty in this issue until the matter is resolved

24 Control

The immediate parent company is MSA Acquisitions Co Limited a company registered in England and Wales Copies of these financial statements can be obtained from Companies House Crown Way Maindy Cardiff CF14 3UZ

As at 3 January 2012 Delek Group Limited was considered to be the ultimate parent undertaking Yitzhak Tshuva has a controlling shareholding in Delek Group Limited

The largest group for which group results are drawn up is that headed by Delek Group Limited and the smallest is that headed by MSA Acquisitions Co Limited

The registered office of Delek Group Limited is 8464 Bet Adar Building 7, Giborei Israel Street, Netanya South 42504, Israel