REGISTERED NUMBER 1713437

Roadchef Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 1 JANUARY 2013

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 1 JANUARY 2013

The directors present their annual report on the affairs of the Group, together with the financial statements and independent auditor's report, for the year ended 1 January 2013 The comparative period was the year ended 3 January 2012

Business review and principal activity
Roadchef Limited and its subsidiaries ("the Group") operated 20 Motorway Service Areas on 28 sides of the motorway in the United Kingdom for the year ended 1 January 2013 We do not anticipate the principal activities of the business to change in the foreseeable future

The results for the Group show an operating profit of £7 6m (3 January 2012 £3 3m) and a pre-tax loss of £7 3m (3 January 2012 £11 4m) The Board are satisfied with the results for the year

Forecourt operations
During 2009, the Group entered into a 23 year contract with BP whereby BP would lease 12 forecourts As at 1 January 2013 the number of forecourts transferred to BP was 8 (3 January 2012 6 forecourts) A further 2 are due to transfer 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

During 2012 the Group entered into a 25 year contract with Shell whereby Shell would lease 3 forecourts Additionally in 2012 an early termination of operations at 1 forecourt was agreed and executed which transferred those operations to Shell As at 1 January 2013 the number of forecourts transferred to Shell as a result of these agreements was 2 with the remaining 2 forecourts due to transfer in 2013 The agreement to lease forecourts to Shell generated an up-front payment which has been treated as deferred income The early termination agreement generated a one off up front payment which has been taken to profit and loss account during 2012

Although the profit of the Group remains at similar levels as a result of these agreements, there has been a reduction in revenue and cost of sales These contracts have 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 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 major operators and several smaller operators of which Roadchef is the third largest with a market share of about 21% (3 January 2012 21%)
Management believe that there are about 42 million visits to the Roadchef Group's sites in a year and 68% of these visits 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 offering at key sites has proven to reduce the level 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
- 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

During 2012 the Group continued with its multi-million pound development plan of the Motorway Service Areas In addition to the five installed during 2011 the Group have installed McDonald s at four Motorway Service Areas during 2012 which has proved very successful with sales growth of up to 350% in some outlets In addition the 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 2013 where we are planning to develop a further six sites The Group has continued to develop the Days Inn hotels on all sites following its conversion from Premier Inns in 2010

Post balance sheet events
On 28 May 2013, the directors completed the transfer of all the trade and assets of Roadchef Properties Limited a subsidiary company, to Roadchef Motorway Holdings Limited, another subsidiary company On the same date the trade and assets of Roadchef (Chasewater) Limited, Roadchef (Chesterfield) Limited, Roadchef (Stafford) Limited, and Takeabreak Motorway Services Limited were hived up to their respective immediate parent companies, which are in turn subsidiaries of Roadchef Limited

There has been no change in the nature of operations following this reorganisation however the directors intend to liquidate the aforementioned subsidiary companies during 2013

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 and Shell contracts entered into whereby 8 forecourts were transferred to BP and 2 forecourts to Shell, with the fuel supply arrangements ending on these 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 and Shell in 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 Whilst no legislative change has as of yet been effected government are currently giving consideration to allow local authorities to make decisions regarding the building of new service areas based upon local requirements If this ruling were to change then additional competition could enter the market The Board are however confident that the ongoing investment and development of the Group's Motorway Service Areas will help in mitigating the threat posed from an increased number of competitors

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 The Group 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 the ongoing construction 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

	1 January 2013	3 January 2012	Definition, method of calculation and analysis
Growth in amenity building sales (%)	**10 3%**	4 0%	Year-on-year sales growth expressed as a percentage Amenity building sales like-for-like showed an increase of 10 3%, which relects the benefit of the various McDonalds developments completed throughout 2011 and 2012
Gross margin in the amenity building (%)	**62 7%**	63 5%	The amenity building gross margin is the ratio of operating profit before wages and overheads to sales expressed as a percentage The gross margin is comparable year on year and is judged to be at a satisfactory level
Amenity building transactions (m)	**22 9**	20 9	This is the actual number of transactions recorded in the main building in both the retail and catering outlets The visits this year have increased significantly and are being driven by the strength in popularity of the franchise partner offerings in place
Spend per transaction (£)	**£4 59**	£4 55	This is the sales in the amenity building (excluding hotel offerings and other income) divided by the number of transactions The directors closely monitors this at an outlet level where the labour content of each transaction can vary significantly The spend per transaction has increased during the year and is driven by the strength in popularity of the franchise partner offerings in place

Charitable and political contributions
During the year the Group made charitable and political donations of £nil (3 January 2012 £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

Roadchef Limited

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 1 JANUARY 2013

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 continues 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 (3 January 2012 £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 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 2m (3 January 2012 £5 0m), 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 2m (3 January 2012 £5 0m) 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 and 2012 the Group entered into derivative transactions in the form of interest rate swap contracts The purpose is to manage the 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 In addition the Group has various secured and unsecured loan notes and bank debt which it uses to finance the Group's activities

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance show that the Group expects to operate within the level of its current facilities and to meet the required covenant tests

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 all the directors who have held office since 3 January 2012 are given below

S Turl
I McKay
R Tindale
B Mashraki
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 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 Group'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 Group'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 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 19 June 2013

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 the 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and 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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ROADCHEF LIMITED

We have audited the financial statements of Roadchef Limited for the year ended 1 January 2013 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 22 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 of the parent Company's affairs as at 1 January 2013 and of the Group s profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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
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 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

Date 21/6/2013

Roadchef Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 1 JANUARY 2013

	Note	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Turnover		**222 2**	203 5
Cost of sales		**(131 3)**	(120 2)
Gross profit		**90 9**	83 3
Administrative expenses			
Before exceptional items		**(82 1)**	(76 2)
Property revaluation gain/ (impairment)	9	**0 8**	(2 1)
Other exceptional items	2	**(3 3)**	(3 2)
		(84 6)	(81 5)
Other operating income	6	**1 3**	1 5
Operating profit	6		
Continuing operations		**7 6**	3 4
Discontinued operations		**-**	(0 1)
		7 6	3 3
Interest payable and similar charges		**(14 9)**	(14 6)
Other finance costs		**-**	(0 1)
Net finance costs	5	**(14 9)**	(14 7)
Loss on ordinary activities before taxation		**(7 3)**	(11 4)
Taxation	7	**12 8**	(1 6)
Profit/ (loss) for the financial year	17	**5 5**	(13 0)

The profit and loss account has been prepared on the basis that all operations in the current year are continuing operations

Roadchef Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 1 JANUARY 2013

	Note	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £m
Profit/ (loss) for the financial year	17	5 5	(13 0)
Unrealised surplus/ (deficit) on revaluation of land and buildings	17	12 8	(8 3)
Actuarial gains on pension schemes	19	-	0 5
Taxation on defined benefit pension schemes		1 1	0 1
Total recognised gains/ (losses) for the year		**19 4**	(20 7)

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 1 JANUARY 2013

	Note	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Reported loss on ordinary activities before taxation		(7 3)	(11 4)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	17	6 8	7 2
Historical cost loss on ordinary activities before taxation		**(0 5)**	(4 2)
Historical cost profit/ (loss) on ordinary activities after taxation		**12 3**	(5 8)

Roadchef Limited

CONSOLIDATED BALANCE SHEET
AS AT 1 JANUARY 2013

	Note	1 January 2013 £'m	3 January 2012 £'m
Fixed assets			
Intangible fixed assets	8	**0 9**	1 0
Tangible fixed assets	9	**394 0**	391 8
Current assets			
Stocks	11	**4 1**	4 5
Debtors amounts falling due after more than one year	12	**137 7**	137 7
Debtors amounts falling due within one year	12	**148 5**	132 3
		290 3	274 5
Creditors amounts falling due within one year	13	**(247 3)**	(257 3)
Net current assets		**43 0**	17 2
Total assets less current liabilities		**437 9**	410 0
Creditors amounts falling due after more than one year	14	**(191 6)**	(182 9)
Deferred income	15	**(15 6)**	(14 3)
Net assets excluding pension liability		**230 7**	212 8
Pension liability	19	**(2 4)**	(3 9)
Net assets		**228 3**	208 9
Capital and reserves			
Called up share capital	16	**34 1**	34 1
Revaluation reserve	17	**208 9**	202 9
Capital reserve	17	**0 2**	0 2
Profit and loss account	17	**(14 9)**	(28 3)
Equity shareholder's funds	18	**228 3**	208 9

The financial statements were approved by the Board and authorised for issue on 19 June 2013

L Dafna
Director

Roadchef Limited

COMPANY BALANCE SHEET
AS AT 1 JANUARY 2013

	Note	1 January 2013 £'m	3 January 2012 £'m
Fixed assets			
Investments	10	264 1	261 1
Current assets			
Debtors amounts falling due after more than one year	12	147 6	152 4
Debtors amounts falling due within one year	12	47 4	40 8
		195 0	193 2
Creditors amounts falling due within one year	13	(48 6)	(45 1)
Net current assets		146 4	148 1
Total assets less current liabilities		410 5	409 2
Creditors amounts falling due after more than one year	14	(458 6)	(455 3)
Net liabilities		(48 1)	(46 1)
Capital and reserves			
Called up share capital	16	34 1	34 1
Revaluation reserve	17	86 9	86 9
Profit and loss account	17	(169 1)	(167 1)
Shareholder's deficit	18	(48 1)	(46 1)

The financial statements were approved by the Board and authorised for issue on 19 June 2013

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 £43 000 000 (3 January 2012 £17 200 000) are debtors of £137,700,000 (3 January 2012 £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 1 January 2013 Acquisitions are accounted for under the acquisition method The comparative period was the year ended 3 January 2012

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 £2 0m (3 January 2012 £1 3m)

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 for amounts currently included in goodwill 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 catering retail and hotel sales is recognised when goods or services are provided 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 Under other fuel supply arrangments, turnover consists of the amounts receivable from customers, excluding Value Added Tax

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 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 any impairment is initially recognised through the revaluation reserve with any excess impairment over previous increases in valuation being taken to the profit and loss account

Fixed asset investments
Fixed asset investments are stated at cost 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 various suppliers in respect of exclusive supply arrangements and is released to the profit and loss account over the period of each agreement Advances received from BP and Shell in relation to forecourts are released to the profit and loss account over the operational period of control transferred by the agreements in place

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 of these schemes 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

Leased assets Lessor

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

Leased assets Lessee

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 at 1 January 2013 Delek Group Limited

2 Other exceptional items

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Restructuring costs	0 1	1 0
Contract provision	2 1	0 6
Pre-opening expenses	0 9	1 0
Other	0 2	0 6
	3 3	3 2

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 of supplier contract settlements 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 tax impact of these items has been to reduce the current tax charge by £809 000 (3 January 2012 £784 000)

3 Employee costs

	Year ended 1 January 2013 Number	Year ended 3 January 2012 Number
Motorway Service Areas	2,447	2,134
Head office	52	47
	2,499	2 181

Their payroll costs comprised

	£'m	£'m
Wages and salaries	32 0	27 1
Social security costs	2 0	1 9
Other pension costs	0 8	1 0
	34 8	30 0

4 Directors' remuneration

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Aggregate remuneration in respect of qualifying services	0 9	0 9
Aggregate of company contributions paid in respect of money purchase schemes	0 1	0 1
Number of directors accruing benefits under money purchase schemes	4	4
In respect of the highest paid director		
Aggregate remuneration	0 4	0 4
Company contributions paid in respect of money purchase schemes	0 1	0 1

There were no directors (3 January 2012 none) who were members of a defined benefit pension scheme

5 Net finance costs

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Interest payable and similar charges		
Bank loans and overdrafts	2 1	1 3
Secured loan notes	11 9	12 3
Finance costs of loans	0 6	0 6
Other interest	0 3	0 4
	14 9	14 6
Other finance costs		
Pensions (note 19)	-	0 1
Net finance costs	14 9	14 7

6 Operating profit

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Operating profit is stated after charging/ (crediting)		
Depreciation of tangible fixed assets		
- owned assets	7 9	7 1
- leased assets	10 6	11 0
Property revaluation (gain)/ impairment	(0 8)	2 1
Amortisation of deferred income	(4 0)	(2 1)
Rental income from forecourts transferred to BP	(1 3)	(1 5)
Operating lease rentals		
- land and buildings	2 6	2 6
- plant and machinery	0 5	0 3
Auditor's remuneration - audit of the financial statements *	0 2	0 2

* £10 000 (3 January 2012 £5 000) of this relates to the Company

The audit fees of the Group and fellow group companies totalling £280 000 (3 January 2012 £255,000) was borne by Roadchef Motorways Limited a subsidiary company and recharged to the Group

Fees paid to the Group s auditor for services other than the statutory audit of the Group are not disclosed since the consolidated accounts of MSA Acquisitions Co Limited an intermediate parent company, are required to disclose non-audit fees on a consolidated basis

Roadchef Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 1 JANUARY 2013

7 Taxation

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £m
Corporation tax		
Group relief payable	0 5	2 4
Adjustments in respect of prior years	(0 3)	-
Total current tax	0 2	2 4
Deferred tax		
Origination and reversal of timing differences	(13 0)	(0 8)
Taxation on loss on ordinary activities	(12 8)	1 6

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 24 5% (3 January 2012 26 5%) The material differences are reconciled below

Loss on ordinary activities before taxation	(7 3)	(11 4)
Loss on ordinary activities before taxation multiplied by the UK tax rate of 24 5% (3 January 2012 26 5%)	(1 8)	(3 0)
Depreciation in excess of capital allowances	(0 9)	1 5
Expenses not deductible for tax purposes	2 9	4 0
Utilisation of tax losses	(0 7)	-
Adjustments in relation to prior year	(0 3)	-
Other timing differences	1 0	(0 1)
Current tax charge	0 2	2 4

The Group has claimed group relief relating to the current and prior year from other group companies for £0 1m (3 January 2012 £2 4m) consideration

During the year the Group has recognised deferred tax assets on decelerated capital allowances pensions and other short term timing differences on the basis that the directors believe that these assets will be recoverable in future years The effect of this is that a there is a current year deferred tax credit to the Consolidated Profit and Loss Account of £13 000,000 and a current year deferred tax credit to the Consolidated Statement of Total Recognised Gains and Losses of £900 000 The deferred tax asset on decelerated capital allowances and other short term timing differences has been included in debtors (note 12) The deferred tax asset on pensions has been included in the defined benefit pension liability (note 19)

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the 2011 2012 and 2013 Budget Statements At the Balance Sheet date a rate of 23% (effective from 1 April 2013) had been substantively enacted and this has therefore been reflected in the closing deferred tax calculations Further reduction to the main rate are proposed to reduce the rate by 2% to 21% from 1 April 2014 and by a further 1% to 20% by 1 April 2015 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 provided and 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 £5,200,000 on tax losses would reduce to £4,500,000, and the unprovided deferred tax liability of £59 100 000 on property revaluations would reduce to £51 400 000 if the deferred tax balance all reversed at 20% The provided deferred tax asset of £13,900,000 on decelerated capital allowances, pensions and other timing differences would reduce to £12 100,000 if the deferred tax balance all reversed at 20%

	1 January 2013		3 January 2012	
Deferred taxation	Amount provided £'m	Not provided £'m	Amount provided £'m	Not provided £'m
Decelerated capital allowances	(10 1)	-	-	(13 8)
Property revaluations	-	59 1	-	64 3
Pension fund	(0 7)	-	-	(1 0)
Tax losses	-	(5 2)	-	(6 4)
Other short term timing differences	(3 1)	-	-	(2 3)
	(13 9)	53 9	-	40 8

	£'m
At 3 January 2012 potential deferred tax liability	40 8
Movement in unprovided deferred tax	13 1
At 1 January 2013 potential deferred tax liability	53 9

8 Intangible fixed assets

Group

	Goodwill on consolidation £'m
Cost	
At 4 January 2012 and 1 January 2013	**1 0**
Amortisation	
At 4 January 2012	-
Charge for year	0 1
At 1 January 2013	**0 1**
Net book value	
At 1 January 2013	**0 9**
At 3 January 2012	1 0

9 Tangible fixed assets

Group	Land and buildings Freehold £'m	Long leasehold £'m	Short leasehold £'m	Fixtures Fittings and Equipment £'m	Total £'m
Cost or valuation					
At 4 January 2012	88 1	47 3	234 8	33 0	403 2
Additions	-	-	-	7 1	7 1
Disposals	-	-	-	(4 1)	(4 1)
Revaluation adjustment	1 4	2 4	(2 1)	-	1 7
At 1 January 2013	**89 5**	**49 7**	**232 7**	**36 0**	**407 9**
Depreciation					
At 4 January 2012	-	-	0 2	11 2	11 4
Charge for year	1 1	0 9	9 7	6 8	18 5
Disposals	-	-	-	(4 1)	(4 1)
Revaluation adjustment	(1 1)	(0 9)	(9 9)	-	(11 9)
At 1 January 2013	**-**	**-**	**-**	**13 9**	**13 9**
Net book value					
At 1 January 2013	**89 5**	**49 7**	**232 7**	**22 1**	**394 0**
At 3 January 2012	88 1	47 3	234 6	21 8	391 8

Other tangible fixed assets includes assets with a cost of £4 8m (3 January 2012 £3 2m) and accumulated depreciation of £0 9m (3 January 2012 £0 3m) 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 During 2012 a similar agreement was entered into with Shell

The cost of freehold land and buildings includes capitalised interest of £0 1m (3 January 2012 £0 1m) The cost of long leasehold land and buildings includes capitalised interest of £0 1m (3 January 2012 £0 1m) The cost of short leasehold land and buildings includes capitalised interest of £0 8m (3 January 2012 £0 8m)

The freehold and leasehold land and buildings were professionally valued by external valuers DTZ Debenham Tie Leung, as at 31 December 2012 on an open market for existing use basis in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual

The revaluation in the year gave rise to an overall gain in the year of £13 6m (3 January 2012 impairment of £10 4m), of which £0 8m (3 January 2012 £2 1m) was recognised in the Consolidated Profit and Loss Account

At 1 January 2013 the Group had unprovided capital commitments of £0 5m (3 January 2012 £0 9m)

10 Fixed asset investments

Company	Subsidiary undertaking £'m
Cost and net book value	
At 4 January 2012	261 1
Subscription to shares in group undertaking during the year	3 0
At 1 January 2013	**264 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 (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 (Winchester) Limited	England and Wales	Indirect	Non-trading company
Roadchef Properties Limited	England and Wales	Direct	Property holding company
Roadchef Finance Limited	Cayman Islands	Indirect	Financing

11 Stocks

Group	1 January 2013 £'m	3 January 2012 £'m
Raw materials and consumables	2 0	2 6
Goods for resale	2 1	1 9
	4 1	4 5

The replacement value of stock is not materially different than cost

12 Debtors

	1 January 2013 £'m	3 January 2012 £'m
Group		
Amounts falling due within one year		
Trade debtors	5 2	5 0
Amounts owed by group companies	128 1	125 6
Other debtors	0 6	0 6
Prepayments and accrued income	1 4	1 1
Deferred tax asset (note 7)	13 2	-
	148 5	132 3
Amounts falling due after more than one year		
Amount owed by group company	137 7	137 7
	286 2	270 0

	1 January 2013 £'m	3 January 2012 £'m
Company		
Amounts falling due within one year		
Amounts owed by group companies	47 1	40 8
Deferred tax asset	0 3	-
	47 4	40 8
Amounts falling due after more than one year		
Amounts owed by group companies	147 6	152 4
	195 0	193 2

13 Creditors amounts falling due within one year

	1 January 2013 £'m	3 January 2012 £'m
Group		
Bank overdraft	0 3	1 6
Unsecured bank loan	22 7	30 7
Secured loan notes (note 14)	6 7	6 2
Unsecured loans (note 14)	0 3	0 3
Finance leases (note 14)	0 3	0 2
Trade creditors	8 5	10 5
Amounts owed to group companies	196 2	195 2
Other taxes and social security	4 9	5 4
Other creditors	0 1	0 1
Accruals	7 3	7 1
	247 3	257 3

	1 January 2013 £'m	3 January 2012 £'m
Company		
Bank overdraft	0 5	0 5
Unsecured bank loan	11 0	9 4
Amounts owed to group companies	36 5	35 2
Accruals	0 6	-
	48 6	45 1

14 Creditors amounts falling due after more than one year

	1 January 2013 £'m	3 January 2012 £'m
Group		
Secured bank loan	**22 3**	8 1
Secured loan notes	**144 0**	150 8
Unsecured loans	**2 2**	2 1
Finance leases	**3 1**	1 9
Amounts owed to group companies	**20 0**	20 0
	191 6	182 9

	1 January 2013 £'m	3 January 2012 £ m
Secured bank loan maturity		
Repayable in more than one year but not more than two years	**1 1**	-
Repayable in more than two years but not more than five years	**14 5**	0 9
Repayable in more than five years	**6 7**	7 2
	22 3	8 1

The secured bank loan is repayable as follows

	1 January 2013 £'m	3 January 2012 £'m
LIBOR + 2 5% secured bank loan repayable January 2014 to October 2016	**14 5**	-
LIBOR + 2 75% secured bank loan repayable November 2014 to August 2029	**8 1**	8 1
	22 6	8 1
Less finance costs allocated to future periods	**(0 3)**	-
	22 3	8 1

	1 January 2013 £'m	3 January 2012 £ m
Secured loan note maturity		
Repayable in more than one year but not more than two years	**7 2**	6 7
Repayable in more than two years but not more than five years	**25 0**	23 3
Repayable in more than five years	**111 8**	120 8
	144 0	150 8
Repayable in one year or less	**6 7**	6 2
	150 7	157 0

The secured loan notes are repayable as follows

	1 January 2013 £'m	3 January 2012 £'m
7 418% secured notes repayable October 2009 to October 2023	**110 0**	116 4
8 015% secured notes repayable October 2024 to October 2026	**42 0**	42 0
	152 0	158 4
Less finance costs allocated to future periods	**(1 3)**	(1 4)
	150 7	157 0

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

	1 January 2013 £'m	3 January 2012 £'m
Unsecured loan maturity		
Repayable in more than one year but not more than two years	0 3	0 3
Repayable in more than two years but not more than five years	1 0	0 8
Repayable in more than five years	0 9	1 0
	2 2	2 1
Repayable in one year or less	0 3	0 3
	2 5	2 4

The unsecured loans are repayable as follows

	1 January 2013 £'m	3 January 2012 £'m
Loans repayable April 2011 to September 2020	2 5	2 4

	1 January 2013 £'m	3 January 2012 £'m
Finance lease maturity		
Repayable in more than one year but not more than two years	0 3	0 2
Repayable in more than two years but not more than five years	1 1	0 6
Repayable in more than five years	1 7	1 1
	3 1	1 9
Repayable in one year or less	0 3	0 2
	3 4	2 1

The finance leases are repayable as follows

	1 January 2013 £'m	3 January 2012 £m
Repayable January 2011 to September 2022	4 4	2 8
	4 4	2 8
Less finance costs allocated to future periods	(1 0)	(0 7)
	3 4	2 1

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

Unsecured loans
The unsecured loan is repayable in equal monthly instalments of £23,000 between January 2013 and March 2013 increasing to £27,000 between April 2013 and September 2020 No interest is charged on the unsecured loan

Secured bank loan
Interest is borne on secured bank loans at the following rates

Secured bank loans repayable January 2014 to October 2016	- Quarterly in arrears at LIBOR + 2 5%
Secured bank loans repayable November 2014 to August 2029	- Quarterly in arrears at LIBOR + 2 75%

The bank loans are secured by fixed and floating charges over the assets of First Motorway Services Limited Roadchef Development Holidings Limited and its subsidiaries

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 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 £42 000 between January 2013 and December 2020, followed by decreasing amounts of monthly instalments between January 2021 and September 2022 Interest is charged at a rate of 6-7% per annum The finance leases are secured by charges over specific related assets

Company	1 January 2013 £'m	3 January 2012 £'m
Secured bank loan	**8 1**	8 1
Amounts owed to group companies	**450 5**	447 2
	458 6	455 3

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

Amounts owed to group companies, repayable November 2026	**396 9**	396 9
Other amounts owed to group companies	**53 6**	50 3
	450 5	447 2

Amounts owed to group companies repayable November 2026 are unsecured and non-interest bearing

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	**1 January 2013 £'m**	3 January 2012 £'m
Secured bank loan maturity		
Repayable in more than one year but not more than two years	**0 1**	-
Repayable in more than two years but not more than five years	**1 3**	0 9
Repayable in more than five years	**6 7**	7 2
	8 1	8 1

The secured bank loan is repayable as follows

	1 January 2013 £'m	3 January 2012 £'m
LIBOR + 2 75% secured bank loan repayable November 2014 to August 2029	**8 1**	8 1
	8 1	8 1

The bank loans are secured by fixed and floating charges over the assets of First Motorway Services Limited Interest is payable quarterly in arrears

15 Deferred income

	1 January 2013 £'m	3 January 2012 £'m
Group		
At 4 January 2012	**14 3**	15 8
Additions	**5 3**	0 6
Credited to profit and loss account	**(4 0)**	(2 1)
At 1 January 2013	**15 6**	14 3

16 Share capital

	1 January 2013 £'m	3 January 2012 £'m
Group and Company		
Allotted, called up and fully paid		
341,000 000 ordinary shares of £0 10 each	**34 1**	34 1

17 Reserves

Group	Revaluation reserve £'m	Capital reserve £'m	Profit and loss account £'m	Total £'m
At 4 January 2012	202 9	0 2	(28 3)	**174 8**
Profit for the financial year	-	-	5 5	**5 5**
Taxation on defined benefit pension schemes	-	-	1 1	**1 1**
Revaluation of fixed assets	12 8	-	-	**12 8**
Reserve transfer	(6 8)	-	6 8	-
At 1 January 2013	**208 9**	**0 2**	**(14 9)**	**194 2**

Company	Revaluation reserve £'m	Profit and loss account £'m	Total £'m
At 4 January 2012	86 9	(167 1)	**(80 2)**
Loss for the financial year	-	(2 0)	**(2 0)**
At 1 January 2013	**86 9**	**(169 1)**	**(82 2)**

18 Reconciliation of movement in shareholder's funds

Group	1 January 2013 £'m	3 January 2012 £'m
At 4 January 2012	**208 9**	229 6
Profit/ (loss) for the financial year	**5 5**	(13 0)
Revaluation of fixed assets	**12 8**	(8 3)
Actuarial gain on pension scheme	-	0 5
Taxation on defined benefit pension schemes	**1 1**	0 1
At 1 January 2013	**228 3**	208 9

Company	1 January 2013 £'m	3 January 2012 £'m
At 4 January 2012	**(46 1)**	(44 8)
Loss for the financial year	**(2 0)**	(1 3)
At 1 January 2013	**(48 1)**	(46 1)

19 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 3m (3 January 2012 £0 5m) An amount of £nil (3 January 2012 £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 1 June 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 8m (3 January 2012 £0 9m), all of which were paid by Roadchef Motorways Limited

The market value of the scheme's assets as at 1 June 2011 was £17 2m The actuarial value of the assets as at 1 June 2011 represented 85% of the accrued benefits

The actuarial valuations described above have been updated at 1 January 2013 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 1 January 2013 is a deficit of £2 1m (3 January 2012 £2 0m)

The major assumptions used by the actuary were

	1 January 2013	3 January 2012
Rate of increase in salaries	**2 90%**	3 25%
Rate of increase in 5% capped pensions in payment	**2 80%**	3 00%
Rate of increase in 2 5% capped pensions in payment	**2 00%**	2 20%
Discount rate	**4 50%**	4 80%
Inflation assumption (retail price index)	**2 90%**	3 00%
Inflation assumption (consumer price index)	**1 90%**	2 10%

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

19 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

	1 January 2013	3 January 2012
Active and deferred members	S1NA + CMI_2011 with 1% long term rate	PA92 + 2yrs MC min 1%
Pensioners	S1NA + CMI_2011 with 1% long term rate	PA92 + 2yrs MC min 1%

For the period ended 1 January 2013 the S1NA Year of Birth tables were used, with an allowance for improvements in mortality using CMI_2011 rates subject to a 1% long term trend rate These assumptions use more recently released tables that do not require age ratings which were used in the assumptions adopted last year By way of example, a male member aged 45 at the accounting date would be expected to live for another 23 3 years after reaching age 65 and a male member aged 65 at the valuation date would be expected to live for another 22 0 years A female aged 45 at the accounting date would be expected to live for another 25 5 years after reaching age 65 and a female member aged 65 at the valuation date would be expected to live for another 23 9 years

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

	1 January 2013 £'m	3 January 2012 £'m	4 January 2011 £'m	2 January 2010 £'m	3 January 2009 £'m
Equities	5 9	7 2	11 5	10 3	8 5
GARS	5 3	4 9	-	-	-
Bonds	7 8	5 4	5 0	4 2	3 5
Cash	0 1	0 2	0 1	0 1	0 1
Total market value of assets	19 1	17 7	16 6	14 6	12 1
Present value of scheme liabilities	(21 2)	(19 7)	(20 1)	(19 0)	(14 3)
Deficit in the scheme	(2 1)	(2 0)	(3 5)	(4 4)	(2 2)

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

	1 January 2013 %	3 January 2012 %
Equities	7 0%	7 0%
GARS	7 0%	7 0%
Bonds	3 5%	3 5%
Cash	0 5%	0 5%

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

	1 January 2013 £'m	3 January 2012 £'m
Opening fair value of scheme assets	17 7	16 6
Expected return on plan assets	1 0	1 1
Actuarial gains/ (losses)	0 3	(0 2)
Contributions by Employer	0 8	0 9
Employee contributions	0 1	0 1
Benefits paid	(0 8)	(0 8)
Closing fair value of scheme assets	19 1	17 7

19 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

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

	1 January 2013 £'m	3 January 2012 £'m
Opening fair value of scheme liabilities	19 7	20 1
Current service cost	0 4	0 4
Interest on pension liabilities	0 9	1 1
Actuarial losses/ (gains)	0 9	(1 2)
Employee contributions	0 1	0 1
Benefits paid	(0 8)	(0 8)
Closing fair value of scheme liabilities	21 2	19 7

The following entries have been made in the financial statements

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Operating profit		
Current service cost	(0 4)	(0 4)
Total operating charge	(0 4)	(0 4)
Other finance charges		
Expected return on pension assets	1 0	1 1
Interest on pension liabilities	(0 9)	(1 1)
Net finance income	0 1	-

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	0 3	(0 2)
Experience gains arising on pension scheme liabilities	0 3	1 2
Changes in assumptions underlying the present value of the scheme's liabilities	(1 2)	-
Actuarial (loss)/ gain recognised in STRGL	(0 6)	1 0

Movement in liability in the year

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Net liability	(2 0)	(3 5)
Current service cost	(0 4)	(0 4)
Contributions	0 8	0 9
Other finance income	0 1	-
Actuarial (losses)/ gains	(0 6)	1 0
Plan deficit	(2 1)	(2 0)
Related deferred tax asset	0 5	-
Net liability	(1 6)	(2 0)

During the year the Group has recognised a deferred tax asset on pensions of £469 000 (3 January 2012 £nil) on the basis that the directors believe that this asset will be recoverable in future years A potential deferred tax asset of £nil (3 January 2012 £496 000) has not been recognised due to current uncertainty associated with the recoverability of the asset

19 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

Details of experience gains and losses

	Year ended 1 January 2013 £'m	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
Difference between the expected and actual return in scheme assets					
- amount	**0 3**	(0 2)	0 8	1 5	(3 3)
Experience gains/ (losses) on liabilities					
- amount	**0 3**	1 2	0 1	(0 0)	(0 0)
Total amount recognised in STRGL					
- amount	**(0 6)**	1 0	0 6	(2 5)	(1 4)
- as a percentage of scheme liabilities	**(3)%**	5%	3%	(13)%	(10)%

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 £3 3m (3 January 2012 £2 7m)

The average contribution rate for the year ended 1 January 2013 was 12 3% (3 January 2012 12 2%) of pensionable earnings plus a fixed amount of £55 500 every month The agreed contribution rate for the next year is 12 4% of pensionable earnings plus a fixed amount of £50,500 every month

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 (3 January 2012 £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 1 January 2013 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 1 January 2013 is a deficit of £1 1m (3 January 2012 deficit £1 9m)

The major assumptions used by the actuary were

	1 January 2013	3 January 2012
Rate of increase in salaries	**2 90%**	3 25%
Rate of increase in 5% capped pensions in payment	**2 80%**	3 00%
Rate of increase in 2 5% capped pensions in payment	**2 00%**	2 20%
Discount rate	**4 50%**	4 80%
Inflation assumption (retail price index)	**2 90%**	3 00%
Inflation assumption (consumer price index)	**1 90%**	2 10%

19 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

	1 January 2013	3 January 2012
Active and deferred members	**108%/111% (M/F) S1PA + CMI_2011 with 1% long term rate**	PA92 + 2yrs MC min 1%
Pensioners	**108%/111% (M/F) S1PA + CMI_2011 with 1% long term rate**	PA92 + 2yrs MC min 1%

For the period ended 1 January 2013 the S1PA Year of Birth tables were used, with an allowance for improvements in mortality using CMI_2011 rates subject to a 1% long term trend rate These assumptions use more recently released tables that do not require age ratings, which were used in the assumptions adopted last year By way of example a male member aged 45 at the accounting date would be expected to live for another 22 9 years after reaching age 65 and a male member aged 65 at the valuation date would be expected to live for another 21 6 years A female aged 45 at the accounting date would be expected to live for another 25 1 years after reaching age 65 and a female member aged 65 at the valuation date would be expected to live for another 23 5 years

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

	1 January 2013 £'m	3 January 2012 £'m	4 January 2011 £m	2 January 2010 £'m	3 January 2009 £'m
Equities	**2 6**	2 5	2 7	2 5	2 1
Bonds	**2 3**	1 9	1 8	1 5	1 4
Cash	**-**	0 1	-	0 1	-
Total market value of assets	**4 9**	4 5	4 5	4 1	3 5
Present value of scheme liabilities	**(6 0)**	(6 4)	(6 1)	(5 8)	(5 0)
Deficit in the scheme	**(1 1)**	(1 9)	(1 6)	(1 7)	(1 5)

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

	1 January 2013 %	3 January 2012 %
Equities	**7 0%**	7 0%
Bonds	**4 5%**	4 7%
Cash	**0 5%**	0 5%

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

	1 January 2013 £'m	3 January 2012 £'m
Opening fair value of scheme assets	**4 5**	4 5
Expected return on plan assets	**0 2**	0 2
Actuarial gains/ (losses)	**0 4**	(0 3)
Contributions by Employer	**0 3**	0 3
Benefits paid	**(0 5)**	(0 2)
Closing fair value of scheme assets	**4 9**	4 5

19 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

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

	1 January 2013 £'m	3 January 2012 £'m
Opening fair value of scheme liabilities	6 4	6 1
Interest on pension liabilities	0 3	0 3
Actuarial (gains)/ losses	(0 2)	0 2
Benefits paid	(0 5)	(0 2)
Closing fair value of scheme liabilities	6 0	6 4

The following entries have been made in the financial statements

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'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 1 January 2013 £'m	Year ended 3 January 2012 £'m
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	0 4	(0 3)
Experience gain arising on pension scheme liabilities	0 2	0 1
Changes in assumptions underlying the present value of the scheme's liabilities	-	(0 3)
Actuarial gain/ (loss) recognised in STRGL	0 6	(0 5)

Movement in liability in the year

	Year ended 1 January 2013 £'m	Year ended 3 January 2012 £'m
Net liability	(1 9)	(1 6)
Contributions	0 3	0 3
Other finance charges	(0 1)	(0 1)
Actuarial gains/ (losses)	0 6	(0 5)
Plan deficit	(1 1)	(1 9)
Related deferred tax asset	0 3	-
Net liability	(0 8)	(1 9)

During the year the Group has recognised a deferred tax asset on pensions of £262 000 (3 January 2012 £nil) on the basis that the directors believe that this asset will be recoverable in future years A potential deferred tax asset of £nil (3 January 2012 £478,000) has not been recognised due to current uncertainty associated with the recoverability of the asset

19 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

Details of experience gains and losses

	Year ended 1 January 2013 £'m	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
Difference between the expected and actual return in scheme assets					
- amount	0 4	(0 3)	0 2	0 4	(0 9)
Experience gains/ (losses) on liabilities					
- amount	0 2	0 1	(0 2)	-	0 1
Total amount recognised in STRGL					
- amount	0 6	(0 5)	(0 1)	(0 3)	(0 8)
- as a percentage of scheme liabilities	10%	(8)%	(2)%	(5)%	(16)%

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 £1 4m (3 January 2012 £2 0m)

The contribution rate as at 1 January 2013 was 11 1% (3 January 2012 13 4%) of pensionable earnings plus a fixed amount of £15 385 every four weeks The agreed contribution rate for the next year is unchanged to the year end rate

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

20 Financial commitments

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

	1 January 2013		3 January 2012	
	Land and buildings £'m	Plant and machinery £'m	Land and buildings £'m	Plant and machinery £'m
Within one year	0 1	-	0 2	-
Between one and two years	-	0 2	-	0 1
Between two and five years	-	0 1	-	0 2
After more than five years	1 9	-	1 8	-
	2 0	0 3	2 0	0 3

21 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of certain fellow subsidiary companies The aggregate amount outstanding as at 1 January 2013 was £13 1m (3 January 2012 £23 9m)

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 1 January 2013, 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

22 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 1 January 2013 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