RoadChef Limited

Annual report and accounts
for 52 weeks ended 26 September 1999

Registered number: 1713437

Directors' report

For the 52 weeks ended 26 September 1999

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the 52 weeks ended 26 September 1999.

Business review and principal activities

The principal activity of the group is the provision of services to the travelling public. The directors consider the results for the period to be satisfactory, which reflect both, the increase resulting from a full year of the acquired sites from Blue Boar and Takeabreak, following their acquisition in July 1998, and the integration and re-branding of those sites which was completed by Christmas 1998. The site at Chester (M56) which opened in July 1998 also contributed to the increase in results by providing its first full year of trading.

During the year the group also opened two new sites, Tibshelf (M1) in April 1999 and Stafford (M6) in May 1999, bringing the total number of sites operated to 19. The 20^{th} site, at Winchester (M3) will be opened during late 2000.

In November 1998 the group refinanced a portion of its debt and provided long term finance for its development programme through the issue of £210 million of fixed and floating rate secured notes. Additional development facilities were also arranged in June 1999 to complete the finance of the new sites. Site refurbishments were also carried out prior to the summer season at two of the acquired sites, Watford Gap and Strensham. The group will continue this refurbishment programme and plans upgrading a number of sites during 2000.

Results and dividends

A summary of the results is given in the consolidated profit and loss account on page 7. The directors do not recommend the payment of a dividend.

Directors' report

For the 52 weeks ended 26 September 1999

Directors and their interests

Details of the directors of the company who have served during the period under review, and their interests in the share capital of the immediate parent company, as at the dates shown, are as follows:

		1p "A" ordinary shares in MSA Acquisitions Co Limited	
		26 September 1999 Number	27 September 1998 Number
N D W Broughton	(Appointed 26 April 1999)	-	-
T B Burton		-	-
M R Clarke		-	-
K Maddin	(Appointed 26 April 1999)	-	-
A L Cooper	(Appointed 7 December 1999)		
E C McVay	(Appointed 7 December 1999)	-	-
S N Oakland	(Appointed 7 December 1999)	-	-
S J Tucker	(Appointed 7 December 1999)	-	-
R K Howard	(Resigned 25 November 1998)	-	-
T Ingram Hill	(Resigned 19 December 1999)		

T B Burton, A L Cooper, E C McVay, S N Oakland and S J Tucker had no notifiable interests under Section 324 of the Companies Act 1985 as at 26 September 1999.

M R Clarke, K Maddin and T Ingram Hill are also directors of the immediate parent company and their interests in share and unsecured loan notes are disclosed in the accounts of that company.

NDW Broughton had interest of 415 1p "A" ordinary shares in MSA Acquisitions Co Limited at 26 April 1999.

NDW Broughton held a £50,000 unsecured loan note issued by MSA Acquisitions Co. Limited as at 26 September 1999 and 26 April 1999. The loan note bears interest at 2.5% above LIBOR.

None of the directors held beneficial interests in the ultimate parent company, MSA Holdings Limited.

Directors' report (continued)

Directors' responsibilities

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Year 2000

The directors have considered the particular impact on the business and operations of the group of computer problems associated with the Year 2000 date change and do not believe that the group is exposed to any material risk or uncertainties in this area. All internal systems have been assessed for Year 2000 compliance and discussions are ongoing with suppliers and other relevant parties. No material expenditure has been incurred in this area.

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.

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.

Charitable and political contributions

During the year the group made charitable donations of £7,000 (1998: £5,000). There were no contributions made to political parties.

Directors' report (continued)

Auditors

A resolution proposing that Arthur Andersen be re-appointed as auditors of the company will be put to the Annual General Meeting.

RoadChef House
Gloucester Green
Barnett Way
Barnwood
Gloucester
GL4 3GG

21 December 1999

By order of the Board

N D W Broughton
Director

Auditors' report

Reading

To the Shareholders of RoadChef Limited:

We have audited the accounts on pages 7 to 32 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 12 to 14.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 26 September 1999 and of the group's profit and cash flows for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
RG1 3BD

21 December 1999

Consolidated profit and loss account

For the 52 weeks ended 26 September 1999

	Notes	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Turnover			
Continuing operations		241,793	157,829
Discontinued operations		-	369
		241,793	158,198
Cost of sales	1	(184,729)	(119,816)
Gross profit	1	57,064	38,382
Administrative expenses			
Ordinary		(38,445)	(27,358)
Exceptional	2	-	(3,425)
Total	1	(38,445)	(30,783)
Operating profit			
Continuing operations		18,619	7,830
Discontinued operations		-	(231)
		18,619	7,599
Profit on sale of discontinued operations	2	-	639
Costs of fundamental restructuring of continuing operations	2	-	(1,778)
Net loss on disposals of ESOPs		-	(426)
Interest receivable and similar income	5	5,080	267
Interest payable and similar charges:			
Ordinary		(15,872)	(5,640)
Exceptional	2	-	(3,545)
Total	4	(15,872)	(9,185)
Profit/(loss) on ordinary activities before taxation	3	7,827	(2,884)
Tax on profit/(loss) on ordinary activities	6	(3,460)	(1,477)
Profit/(loss) for the financial period	17,18	4,367	(4,361)

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated statement of total recognised gains and losses

For the 52 weeks ended 26 September 1999

	Notes	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Profit/(loss) for the financial period		4,367	(4,361)
Unrealised surplus on revaluation of land and buildings		-	20,165
Total recognised gains and losses relating to the period		4,367	15,804

Consolidated note of historical cost profits and losses

For the 52 weeks ended 26 September 1999

	Notes	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Reported profit/(loss) on ordinary activities before taxation		7,827	(2,884)
Difference between a historical cost depreciation charge and the actual depreciation charge for the period	17	88	309
Historical cost profit/(loss) on ordinary activities before taxation		7,915	(2,575)
Historical cost profit/(loss) for the financial period retained after taxation		4,455	(4,052)

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses and this consolidated note of historical cost profits and losses.

Consolidated balance sheet

26 September 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Goodwill	8	3,685	3,737
Negative goodwill	8	(689)	(1,009)
		2,996	2,728
Tangible assets	9	283,892	262,033
		286,888	264,761
Current assets			
Stocks	11	5,936	4,674
Debtors	12	78,523	7,416
Cash at bank and in hand		22,758	11,907
		107,217	23,997
Creditors: Amounts falling due within one year	13	(37,023)	(23,795)
Net current assets		70,194	202
Total assets less current liabilities		357,082	264,963
Creditors: Amounts falling due after more than one year	14	(228,137)	(139,019)
Provisions for liabilities and charges	15	(3,521)	(2,726)
Deferred income		(21,643)	(23,804)
Net assets		103,781	99,414
Capital and reserves			
Called-up share capital	16	10,600	10,600
Revaluation reserve	17	75,620	75,708
Capital reserve	17	243	243
Profit and loss account	17	17,318	12,863
Equity shareholders' funds	18	103,781	99,414

The accompanying notes are an integral part of this consolidated balance sheet.

Company balance sheet

26 September 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	10	212,964	212,964
		212,964	212,964
Current assets			
Debtors	12	93,253	2,747
Cash at bank and in hand		3,288	-
		96,541	9,748
Creditors: Amounts falling due within one year	13	(518)	(62,133)
Net current assets/(liabilities)		96,023	(59,386)
Total assets less current liabilities		308,987	153,578
Creditors: Amounts falling due after more than one year	14	(227,471)	(62,577)
Net assets		81,516	91,001
Capital and reserves			
Called-up share capital	16	10,600	10,600
Revaluation reserve	17	86,943	86,943
Profit and loss account	17	(16,027)	(6,542)
Equity shareholders' funds		81,516	91,001

The accompanying notes are an integral part of this balance sheet.

Approved by the board of directors on 21 December 1999 and signed on its behalf by:

E C McVay

Director

N D W Broughton

Director

Consolidated cash flow statement

For the 52 weeks ended 26 September 1999

	Notes	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Net cash inflow from operating activities	19	18,920	13,186
Returns on investments and servicing of finance	20	(4,111)	(6,858)
Taxation	20	(1,854)	(1,632)
Capital expenditure and financial investment	20	(219,069)	(23,047)
Acquisitions and disposals	20	-	(58,890)
Cash outflow before financing		(206,114)	(77,241)
Financing	20	216,965	84,059
Increase in cash in the year	21	10,851	6,818

The accompanying notes are an integral part of this consolidated cash flow statement.

Statement of accounting policies

26 September 1999

A summary of the principal accounting policies which have all been applied consistently throughout the period and the preceding period, is set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain freehold and leasehold properties and investments in subsidiaries, and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of RoadChef Limited and its subsidiary undertakings for the 52 weeks ended 26 September 1999. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Group reconstructions during the period have been accounted for using acquisition accounting principles.

No profit and loss account is presented for RoadChef Limited as permitted by Section 230 of the Companies Act 1985.

Turnover

Turnover represents amounts receivable from customers in the UK from the group's activity after the deduction of Value Added Tax.

Intangible assets - Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is between seven and a maximum of twenty years. Provision is made for any impairment at the time that is it identified.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Statement of accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less depreciation.

No provision is made for the depreciation of freehold and long leasehold land and buildings. It is the group's practice to maintain these assets to a high standard through a programme of regular refurbishment and repair and it is considered that the residual values, based on prices prevailing at the time of acquisition or subsequent revaluation, are such that depreciation is not material.

Depreciation of short leasehold properties which have leases of less than 50 years, is calculated in accordance with actuarial tables, which write off each lease at an increasing level each year over the remaining term.

The part of the annual depreciation charge on revalued assets, which relates to the revaluation surplus, is transferred from the revaluation reserve to the profit and loss account reserve.

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.

Fixed asset investments

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

Interest and financing 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.

Pre-opening costs and development expenses

Costs incurred prior to the opening of new motorway service areas are written off in the period in which they arise. Development expenses are carried forward and capitalised if and when sites are developed.

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of retail goods is computed by deducting the gross profit margin from the selling value of stock. The cost of all other stocks is determined by taking purchase price on a first in first out basis.

Statement of accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance Corporation Tax payable on dividends paid for in the period is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit has been taken for Advance Corporation Tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced.

Pension costs

The regular cost of providing retirement pensions is charged to the profit and loss account over the employee's service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of the current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions payable to the scheme is shown as an asset or a liability in the balance sheet.

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.

Leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

1 Cost of sales, gross profit and administrative expenses

	52 weeks ended 26 September 1999		52 weeks ended 27 September 1998		
	Continuing operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Cost of sales	184,729	184,729	119,800	16	119,816
Gross profit	57,064	57,064	38,029	353	38,382
Administrative expenses					
- exceptional	-	-	3,425	-	3,425
- other	38,445	38,445	26,506	852	27,358
Total	18,619	18,619	29,931	852	30,783

2 Exceptional items

Reported after operating profit for the 52 weeks ended 27 September 1998

The profit on sale of discontinued operations related to the disposal of the group's interest in the ordinary share capital of RoadChef Hotels Limited.

The costs of a fundamental restructuring of continuing operations arose in respect of the acquisition by the group of Blue Boar Group Limited and Takeabreak Motorways Services Limited. These costs were primarily redundancy costs in the acquired companies and integration costs to incorporate the RoadChef identity.

The exceptional interest payable arose in respect of swap cancellation charges and financial charges previously allocated to future periods written off following the early settlement of bank loans.

Administration expenses for the 52 weeks ended 27 September 1998

The exceptional administrative expenses related to professional fees incurred in the purchase of the group by MSA Acquisitions Co. Limited.

Notes to accounts (continued)

2 Exceptional items (continued)

The effects of the exceptional items reported after operating profit on the tax charge on ordinary activities in the profit and loss account were:

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Profit on sale of discontinued operations	-	-
Costs of a fundamental restructuring of continuing operations	-	220
Exceptional interest payments	-	1,099
	-	1,319

3 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

		52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Depreciation		4,496	3,173
Amortisation of goodwill		337	46
Auditors' remuneration for audit services		150	125
Operating lease rentals	- plant and equipment	157	25
	- land and buildings	1,537	1,036

The auditors were also paid £388,000 (1998: £3,239,000) in respect of non-audit services.

4 Interest payable and similar charges

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Bank overdrafts and loans	182	3,516
Bank loans - exceptional	-	3,545
Secured loan notes	13,436	-
Finance costs of secured loan notes	184	-
Other interest	120	10
Loans from immediate parent company	2,019	2,114
	15,941	9,185
Less: capitalised interest	(69)	-
	15,872	9,185

5 Interest receivable and similar income

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Bank deposits	566	267
Loans to intermediate parent company	4,514	-
	5,080	267

6 Tax on profit/(loss) on ordinary activities

The charge on the profit/(loss) for the period consists of:

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Current period:		
Group relief payable at 30%	2,665	-
Corporation tax (1998: 31%)	-	1,704
Deferred taxation	795	211
Prior years:		
Corporation tax	-	(1,095)
Deferred taxation	-	657
	3,460	1,477

Notes to accounts (continued)

7 Financial commitments

Operating leases

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

	26 September 1999		27 September 1998	
	Land and buildings £'000	Plant and equipment £'000	Land and buildings £'000	Plant and equipment £'000
Expiry date:				
Within one year	311	45	139	-
Between two and five years	149	137	432	87
After more than five years	420	-	449	6
	880	182	1,020	93

Capital commitments

Future capital expenditure authorised by the board at 26 September 1999 against which contracts had been placed amounted to £nil (1998: £13,916,000).

8 Intangible fixed assets – goodwill

	Positive goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 27 September 1998	3,800	(1,026)	2,774
Additions	364	241	605
At 26 September 1999	4,164	(785)	3,379
Depreciation			
At 27 September 1998	63	(17)	46
Charge for the period	416	-	416
Negative goodwill written back	-	(79)	(79)
At 26 September 1999	479	(96)	383
Net book value			
At 26 September 1999	3,685	(689)	2,996
At 27 September 1998	3,737	(1,009)	2,728

Negative goodwill is being written back on a straight line basis over a period of 10 years which is equal to the period over which the related non-monetary assets of the acquired business are being depreciated.

The additions relate to further costs incurred in connection with the acquisitions in the prior year of Blue Boar Motorways Limited and Takeabreak Motorway Services Limited.

Notes to accounts (continued)

9 Tangible fixed assets

Group	Land and buildings Freehold £'000	Long leasehold £'000	Short leasehold £'000	Other £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
At 27 September 1998	74,323	30,163	122,223	35,662	15,620	277,991
Additions	40	1,474	1,443	1,870	21,629	26,456
Reallocation	17,622	10,222	-	3,954	(31,798)	-
Disposals	-	-	-	(604)	-	(604)
At 26 September 1999	91,985	41,859	123,666	40,882	5,451	303,843
Depreciation						
At 27 September 1998	-	-	125	15,833	-	15,958
Charge for the period	-	-	917	3,579	-	4,496
Disposals	-	-	-	(503)	-	(503)
At 26 September 1999	-	-	1,042	18,909	-	19,951
Net book value						
At 26 September 1999	91,985	41,859	122,624	21,973	5,451	283,892
At 27 September 1998	74,323	30,163	122,098	19,829	15,620	262,033

Some freehold, long leasehold and short leasehold land and buildings were professionally valued by Gooch Webster, Chartered Surveyors, on an open market for existing use basis during the 52 weeks ended 27 September 1998 as follows:

	26 September 1999			27 September 1998		
	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Freehold £'000	Long leasehold £'000	Short leasehold £'000
Cost	17,934	17,724	71,314	272	6,028	69,871
Valuation - 1998	74,051	24,135	52,352	74,051	24,135	52,352
	91,985	41,859	123,666	74,323	30,163	122,223

9 Tangible fixed assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	26 September 1999			27 September 1998		
	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Freehold £'000	Long leasehold £'000	Short leasehold £'000
Cost	36,519	29,573	116,628	18,857	17,877	115,185
Depreciation	-	-	(1,817)	-	-	(1,591)
Net book value	36,519	29,573	114,811	18,857	17,877	113,594

The cost of freehold land and buildings includes capitalised interest of £69,000 (1998: £nil). The cost of long leasehold land and buildings includes capitalised interest of £41,000 (1998: £41,000). The cost of short leasehold land and buildings includes capitalised interest of £772,000 (1998: £772,000).

Company	Other £'000
Cost	
At 27 September 1998	4
Disposals	(4)
At 26 September 1999	-
Depreciation	
At 27 September 1998	4
Disposals	(4)
At 26 September 1999	-
Net book value	
At 26 September 1999 and at 27 September 1998	-

Notes to accounts (continued)

10 Fixed asset investments

Company

	Shares in *subsidiary* companies £'000
Cost or valuation	
At 27 September 1998	212,964
Acquisitions	13,535
Disposals	(13,535)
At 26 September 1999	212,964

Principal group investments

The group's principal operating subsidiaries, together with their activities, are listed below. These companies are wholly owned and registered in England and Wales, and the shareholdings are in ordinary shares.

RoadChef Motorways Limited	Motorway service areas
Blue Boar Motorways Limited	Motorway service areas
Takeabreak Motorway Services Limited	Motorway service areas

Sale of subsidiary undertakings

On 26 May 1999 the entire share holdings of RoadChef (Chesterfield) Limited, RoadChef (Stafford) Limited and RoadChef (Winchester) Limited were transferred to RoadChef Development Holdings Limited for consideration of 13,535,000 ordinary shares of £1 each in RoadChef Development Holdings Limited. RoadChef Development Holdings Limited was incorporated on 1 April 1999 and registered in England and Wales. The entire issued share capital of RoadChef Development Holdings Limited is owned by the company.

Notes to accounts (continued)

11 Stocks

Group	26 September 1999 £'000	27 September 1998 £'000
Raw materials and consumables	417	273
Goods for resale	5,519	4,401
	5,936	4,674

12 Debtors

Group	26 September 1999	27 September 1998
Amounts falling due within one year:	£'000	£'000
Trade debtors	5,555	4,701
Corporation tax recoverable	767	1,710
Other debtors	465	300
Prepayments	591	705
	7,378	7,416
Amounts falling due after more than one year:		
Amounts owed by immediate parent company	71,145	-
	78,523	7,416

Company		
Amounts falling due within one year:		
Amounts owed by group companies	-	9,728
Corporation tax recoverable	3	-
Other taxes and social security	59	-
Other debtors	13	20
Prepayments	22	-
	97	9,748
Amounts falling due after more than one year:		
Amounts owed by immediate parent company	71,145	-
Amounts owed by group companies	22,011	-
	93,156	-
	93,253	9,748

Notes to accounts (continued)

13 Creditors: Amounts falling due within one year

Group	26 September 1999 £'000	27 September 1998 £'000
Bank loans (Note 14)	890	-
Trade creditors	8,049	6,961
Amounts owed to group companies	2,665	-
Corporation tax	1,202	3,918
Advance Corporation Tax	-	80
Other taxes and social security	2,648	2,219
Other creditors	2,022	1,443
Accruals	19,214	8,841
Deferred consideration	333	333
	37,023	23,795
Company		
Amount owed to group companies	-	60,826
Accruals	518	1,307
	518	62,133

Deferred consideration

The amount of £333,000 is the remaining contingent consideration payable in respect of a subsidiary's acquisition of its trade.

14 Creditors: Amounts falling due after more than one year

Group	26 September 1999 £'000	27 September 1998 £'000
Bank loans	9,930	-
Secured loan notes	206,145	-
Amounts owed to immediate parent company	12,062	138,686
Deferred consideration	-	333
	228,137	139,019

Notes to accounts (continued)

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

Borrowings are repayable as follows:

	26 September 1999 £'000	27 September 1998 £'000
Bank loans		
In more than one year but not more than two years	1,483	-
In more than two years but not more than five years	5,605	-
In more than five years	2,842	-
	9,930	-
In one year or less, or on demand	890	-
	10,820	-

Secured loan notes

	26 September 1999 £'000	27 September 1998 £'000
Class A1 secured floating rate notes repayable October 2001 to October 2008	35,000	-
7.418 per cent Class A2 secured notes repayable October 2009 to October 2023	133,000	-
8.015 per cent Class B secured notes repayable October 2024 to October 2026	42,000	-
	210,000	-
Less finance charges allocated to future periods	(3,855)	-
	206,145	-
Aggregate amounts repayable:		
In more than two years but not more than two years	8,897	-
In more than five years	197,248	-
	206,145	-

Total borrowings		
In more than one year but not more than two years	1,483	-
In more than two years but not more than five years	14,502	-
In more than five years	200,090	-
	216,075	-
In one year or less, or on demand	890	-
	216,965	-

Notes to accounts (continued)

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

Bank loans

The bank loans are due for repayment by instalments by June 2007. Interest is borne at a rate of 1.10% above LIBOR if interest cover is less than 1.5, a rate of 0.8% above LIBOR if the interest cover ratio is between 1.5 and 2.5, and at a rate of 0.55% above LIBOR if the interest cover rate is greater than 2.5. These loans are secured by fixed and floating charges over the assets of RoadChef Development Holdings and its subsidiaries and has been guaranteed by the company.

Secured loan notes

Interest rate terms

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

Class A1 notes	- Quarterly in arrears at a rate of 0.85% above LIBOR.
Class A2 notes	- Annually in arrears at 7.418 per cent.
Class B notes	- Annually in arrears at 8.015 per cent.

The floating rate of interest under the class A1 notes is protected by a SWAP agreement of equal value and amortisation profile. Under the agreement the quarterly floating rate is converted into an annual rate, payable in arrears. The fixed rate is 9.17% until October 2001, increasing thereafter on an annual basis at varying amounts to 16.5% from October 2007.

Security

The notes are secured by fixed and floating charges over the assets of the RoadChef Motorways Holdings Limited and its subsidiaries.

Company	26 September 1999 £'000	27 September 1998 £'000
Amounts owed to immediate parent company	-	62,577
Amounts owed to other group companies	44,274	-
Unsecured loans from other group companies	183,197	-
	227,471	62,577
Borrowings from other group companies are repayable as follows:		
13.71% unsecured loan, repayable November 2026	102,950	-
9.23% unsecured loan, repayable November 2026	30,103	-
8.36% unsecured loan, repayable November 2026	50,144	-
	183,197	-

Notes to accounts (continued)

15 Provisions for liabilities and charges

Group	26 September 1999 Amount provided £'000	26 September 1999 Potential £'000	27 September 1998 Amount provided £'000	27 September 1998 Potential £'000
Deferred taxation				
Accelerated capital allowances	3,521	3,521	2,726	2,726
Property revaluations	-	27,780	-	28,982
	3,521	31,301	2,726	31,708

	Deferred taxation £'000
At 27 September 1998	2,726
Charged to profit and loss account	795
At 26 September 1999	3,521

In the opinion of the directors, any capital gains tax arising on disposal of freehold and leasehold properties in the normal course of business would be deferred by rollover relief.

Deferred taxation on the revaluation of the company's investment in its subsidiaries has not been accounted for as the directors do not consider that any liability will arise in the foreseeable future.

16 Called up share capital

	26 September 1999 £'000	27 September 1998 £'000
Authorised		
1,000,000,000 ordinary shares of 10p each	100,000	100,000
Allotted and fully paid		
106,000,000 ordinary shares of 10p each	10,600	10,600

Notes to accounts (continued)

17 Reserves

	Revaluation reserve £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
Group				
At 27 September 1998	75,708	243	12,863	88,814
Profit for the period	-	-	4,367	4,367
Transfer	(88)	-	88	-
At 26 September 1999	75,620	243	17,318	93,181

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Company			
At 27 September 1998	86,943	(6,542)	80,401
Loss for the period	-	(9,485)	(9,485)
At 26 September 1999	86,943	(16,027)	70,916

18 Reconciliation of movement in group shareholders' funds

	26 September 1999 £'000	27 September 1998 £'000
Group		
Profit/(loss) for the financial period	4,367	(4,361)
Revaluation surplus	-	20,165
Total recognised gains for the period	4,367	15,804
Opening shareholders' funds	99,414	83,610
Closing shareholders' funds	103,781	99,414

Notes to accounts (continued)

19 Reconciliation of operating profit to net cash inflow from operating activities

	26 September 1999 £'000	27 September 1998 £'000
Operating profit	18,619	7,599
Depreciation charges	4,496	3,127
Amortisation of goodwill	337	46
Profit on sale of tangible fixed assets	(12)	(19)
Costs of fundamental reorganisation	-	(1,778)
Shares appropriated under ESOP	-	73
Increase in stocks	(1,262)	(99)
Increase in debtors	(815)	(3,510)
(Decrease)/increase in creditors	(282)	9,694
Amortisation of deferred income	(2,161)	(2,144)
Net cash inflow from operating activities	18,920	12,989

20 Analysis of cash flows

	26 September 1999 £'000	27 September 1998 £'000
Returns on investments and servicing of finance		
Interest received	489	265
Interest paid	(4,600)	(7,123)
Net cash outflow	(4,111)	(6,858)
Taxation		
Corporation tax paid	(1,854)	(1,632)
Net cash outflow	(1,854)	(1,632)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(25,322)	(29,004)
Purchase of investments	-	(6)
New loan to parent company	(66,631)	-
Repayment of loan from parent company	(127,229)	-
Sale of tangible fixed assets	113	177
Sale of investments	-	5,983
Net cash outflow	(219,069)	(22,850)

Notes to accounts (continued)

20 Analysis of cash flows (continued)

Acquisitions and disposals (continued)

	26 September 1999	27 September 1998
Purchase of subsidiary undertakings	-	(60,477)
Net cash balances acquired with subsidiary undertakings	-	1,863
Net cash balances disposed of with subsidiary undertakings	-	(276)
Net cash outflow	-	(58,890)
Financing		
New unsecured loans	-	118,477
New secured loan notes	221,967	-
New secured bank loans	11,000	-
Premium on loan notes transferred to immediate parent company	(11,967)	-
Finance costs of secured loan notes and bank loans	(4,035)	-
Repayment of bank loans	-	(40,993)
Deferred income advances	-	6,960
Deferred income repayments	-	(385)
Net cash inflow	216,965	84,059

20 Analysis and reconciliation of net debt

	27 September 1998 £'000	Cash flow £'000	26 September 1999 £'000
Cash at bank and in hand	11,907	10,851	22,758
Debt due after one year	-	(216,075)	(216,075)
Debt due within one year	-	(890)	(890)
	-	(216,965)	(216,965)
Net debt	11,907	(206,114)	(194,207)

	26 September 1999 £'000	27 September 1998 £'000
Increase in cash in the year	10,851	6,818
Cash inflow from increase in debt	(216,965)	59,102
Movement in net debt in year	(206,114)	65,920
Net debt at 27 September 1998	11,907	(35,904)
Loans acquired with subsidiaries	-	(18,109)
Net debt at 26 September 1999	(194,207)	11,907

21 Pension schemes

RoadChef Motorways Limited and RoadChef Limited

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 October 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries. It was assumed that the investment returns would be 8.5% per annum and that salary increases would average 6.0% per annum.

The pension charge for the period in respect of this scheme was £244,000 (1998: £245,000). The market value of the scheme's assets as at 1 October 1997 was £2,776,000. The actuarial value of the assets as at 1 October 1997 represented 117% of the accrued benefits.

The contributions of the group and employees are currently 6.9% and 5.0% respectively.

The group also operates a number of defined contribution pension schemes in respect of senior executives. The assets of these schemes are also held separately from those of the group in independently administered funds. The pension charge for the period for these schemes amounted to £68,000 (1998: £67,000).

Takeabreak Motorway Services Limited

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,000 (1998: £29,000).

Blue Boar Motorways Limited

The company operates a defined benefit pension scheme. 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 attained age method. The most recent actuarial valuation was on 1 June 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase of salaries. It was assumed by the actuaries that the investment returns would be 8.5% per annum and that salary increases would average 6.5% per annum.

The pension charge for the period in respect of this scheme was £35,000 (1998: £35,000).

At the date of the valuation, the market value of the scheme's assets was £2,660,000 and this was sufficient to cover 109% of the benefits that had accrued to members, after allowing for earnings increases.

Notes to accounts (continued)

22 Staff costs

The average monthly number of employees (including executive directors) was:

	52 weeks ended 26 September 1999 Number	52 weeks ended 27 September 1998 Number
Operational	1,628	1,215
Management and administration	173	139
	1,801	1,354

	£'000	£'000
Their aggregate payroll costs comprised:		
Wages and salaries	17,362	11,766
Social security costs	1,215	831
Pension costs	356	287
	18,933	12,884

23 Directors' emoluments

The total amounts for directors' remuneration and other benefits were as follows:

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Emoluments	61	304
Company contributions to money purchase pension schemes	3	26
	64	330

The number of directors who were members of pension schemes were as follows:

	52 weeks ended 26 September 1999 Number	52 weeks ended 27 September 1998 Number
Money purchase schemes	1	1
Defined benefit schemes	1	1

Notes to accounts (continued)

24 Directors' emoluments (continued)

The above amounts for remuneration include the following in respect of the highest paid director:

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Emoluments	46	274
Company contributions to money purchase schemes	3	26
	49	300

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director was £13,000 (1998: £67,000)

22 Parent companies

The immediate parent company is MSA Acquisitions Co. Limited, a company registered in England and Wales.

The directors consider the ultimate parent company to be MSA Holdings Limited, a company registered in England and Wales. The largest group in which the results of the company are consolidated is that headed by MSA Holdings Limited and the smallest group is MSA Acquisitions Co. Limited. Copies of these accounts will be obtainable from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

The directors have taken advantage of the exemption set out in Financial Reporting Standard No. 8 and have not disclosed transactions with entities within the same group as the company.