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Annual Report and Accounts 1986



Roadchef Holdings Limited

and Subsidiary Companies



Annual Report and Accounts 1st June, 1986

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Group Information

Directors	E. Bryan – Chairman C. N. Aydon, A.C.M.A.
Secretary	M. A. Stunell, F.C.C.A.
Registered Office	Provincial House, 45 Northgate Street, Gloucester GL1 2AJ
Auditors	Edmund R. Gibbs & Co., 46 St. Giles', Oxford OX1 3LT
Bankers	Barclays Bank PLC, 1 Pall Mall East, London SW1Y 5AX
Principal Trading Subsidiary	Roadchef Limited
Roadchef Limited Directors	E. Bryan – Chairman T. Ingram Hill, F.H.C.I.M.A. – Managing C. N. Aydon, A.C.M.A. A. L. Cooper, M.B.I.A.T. M. J. Edgington, A.C.C.A. R. E. Hill M. A. Stunell, F.C.C.A. – Secretary



Chairman's Statement

It is with regret that I find myself responsible for presenting this statement as I do so only because of the sudden and untimely death of Patrick Gee, who personally guided the Company through its formative years. We are all very conscious of our sad loss.

Trading

I am pleased to report that the year ending June 1986 was yet another successful year for the Company. The profit before taxation increased by 7.5 per cent and the turnover increased from £33.9m to £38.4m, an increase of 13.3 per cent. The Company currently operates nine motorway service areas retailing fuel from thirteen forecourts. The new restaurant at Killington Lake opened in August 1985. The redeveloped Harthill complex, a joint venture with BP Oil, was formally opened on 1st October, 1985. All the English branches have now been developed or refurbished to the Orchards style. Hamilton and Bothwell are scheduled for rebuilding in 1986/87, thus completing the modernisation of the whole group.

A fifty year lease on the plot of land allocated for the development of a new service area at Sedgemoor was acquired in September 1985 and planning permission for development granted on 2nd December, 1985. I am proud to tell you that our design team and development department, by their efforts, allowed us to open a fully-operational branch at Sedgemoor on 28th April, 1986. This was a magnificent team effort and all responsible are to be congratulated.

We continue to seek suitable sites for further development but only at locations consistent with the network plan and strategy that have been agreed by the Board.

Our network is now in good shape and there is every prospect that the effect of the successful refurbishment programme will be reflected in the 1986/87 trading results.

Employees

The Board are fully aware of the important rôle that each and every employee has to play in the efficient running of the Company and consequently every effort is made to ensure that communication to and from staff is of the highest quality. We have continued to circulate annual staff reports and managers have ensured that the contents of these reports are fully understood by all members of staff. In line with the agreed policy that all staff should share in the success of the Company, the annual review of terms and conditions has resulted in further significant increases in pay and benefits.

Conclusion

I would like to state categorically that it is the intention of the new Board to implement the policy, philosophy, aims and objectives previously set out for the Company. The current financial year has started well and the Board is confident that 1986/87 will be a good year for the Company.

Eric Bryan
Chairman



Report of the Directors

The Directors present their report together with the audited accounts of the Group for the 52 weeks ended 1st June, 1986.

Results and Dividends

A summary of the results of the trading is given on page 6. The Directors do not recommend the payment of a dividend.

Business Review and Principal Activities

The principal activity of the Group is the operation of Motorway Service Areas.

Information relating to the business during the period and future developments is given in the Chairman's Statement on page 3.

Directors and Directors Interests

Details of the Directors who served during the period under review and their interests (including interests of their families) in the share capital of the Company are as follows:-

	<i>At 1st June, 1986</i>	<i>At 2nd June, 1985</i>
P. Gee (died 14.8.86)	1,750,000	1,750,000
C. N. Aydon	25,000	25,000
E. Bryan (appointed 28.8.86)	25,000	25,000

Fixed Assets

All acquisitions and disposals during the period are detailed in note 7 to the accounts.

Employee Involvement

Details regarding employees is given in the Chairman's Statement on page 3.

Disabled Persons

The Group recognises its social and statutory duty to employ disabled persons and pursues a policy of providing, where possible, the same employment opportunities to disabled persons as to others.

Taxation Status

The Company was at 1st June, 1986 a close company, as defined by the Income and Corporation Taxes Act, 1970.

Auditors

A resolution proposing the re-appointment of Edmund R. Gibbs & Co. as auditors to the Company will be put to the Annual General Meeting.

By Order of the Board

M. A. Stunell
Secretary

19th September, 1986



Auditors Report to the Members of Roadchef Holdings Limited

We have audited the accounts on pages 6 to 16 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 10, give a true and fair view of the state of affairs of the Company and of the Group at 1st June, 1986 and of the profit and source and application of funds for the period ended on that date and comply with the Companies Act 1985.

Edmund R. Gibbs & Co.

Edmund R. Gibbs & Co.
Certified Accountants

46 St. Giles',
Oxford OX1 3LT

19th September, 1986



Consolidated Profit and Loss Account for the 52 weeks ended 1st June, 1986

	<i>Notes</i>		<i>2nd June, 1985</i>
Turnover	2	38,353,350	33,888,402
Cost of sales		(30,412,459)	(27,323,047)
Gross Profit		7,940,891	6,565,355
Administrative expenses		(6,614,910)	(5,426,272)
Capital grants	3	66,672	101,860
Interest receivable		105	15,975
Interest payable	4	(690,130)	(603,606)
Profit on ordinary activities before taxation	5	702,628	653,312
Taxation	6	(276,287)	(120,000)
Profit on ordinary activities after taxation		<u>£426,341</u>	<u>£533,312</u>
Dealt with in the Accounts of:			
Company		20,449	205,558
Subsidiaries		405,892	327,754
		<u>£426,341</u>	<u>£533,312</u>



Consolidated Balance Sheet at 1st June, 1986

	Notes		2nd June, 1985
Fixed Assets			
Tangible assets	7	23,049,565	15,539,322
Current Assets			
Stock		824,481	956,328
Debtors	9	624,928	1,056,094
Cash at bank and in hand		198,741	16,280
		<u>1,648,150</u>	<u>2,028,702</u>
Creditors – amounts falling due within one year	10	<u>5,381,352</u>	<u>5,426,907</u>
Net Current Liabilities		<u>3,733,202</u>	<u>3,398,205</u>
Total Assets less Current Liabilities		<u><u>£19,316,363</u></u>	<u><u>£12,141,117</u></u>
Creditors – amounts falling due after more than one year	11	7,492,038	4,695,461
Provisions for Liabilities and Charges	12	170,000	120,000
Deferred Income	13	375,597	442,269
Capital and Reserves			
Called up share capital	14	250,000	250,000
Revaluation reserve	15	9,164,000	5,195,000
Capital reserve	15	677,445	677,445
Profit and loss account	15	<u>1,187,283</u>	<u>760,942</u>
		<u>11,278,728</u>	<u>6,883,387</u>
		<u><u>£19,316,363</u></u>	<u><u>£12,141,117</u></u>

Approved by the Board on 19th September, 1986

E. Bryan } Directors
C. N. Aydon }



Company Balance Sheet at 1st June, 1986

	Notes		2nd June, 1985
Fixed Assets			
Investments	8	863,667	863,667
Current Assets			
Debtors	9	185,984	154,796
Creditors – amounts falling due within one year	10	<u>778,406</u>	<u>767,667</u>
Net Current Liabilities		592,422	612,871
Total Assets Less Current Liabilities		<u>£271,245</u>	<u>£250,796</u>
Capital and Reserves			
Called up share capital	14	250,000	250,000
Profit and loss account	15	21,245	796
		<u>£271,245</u>	<u>£250,796</u>

Approved by the Board on 19th September, 1986

E. Bryan
C. N. Aydon } Directors



Source and Application of Funds Statement 1st June, 1986

2nd June, 1985

Source of Funds

Profit on ordinary activities before taxation	702,628	653,312
Adjustment for items not involving the movement of funds		
Depreciation	727,844	467,951
Loss on sale of assets	8,821	4,205
Capital grants	(66,672)	(101,860)
Total generated from operations	1,372,621	1,023,608

Funds from other sources

Loans	3,474,000	1,746,917
Hire purchase finance	328,145	57,719
Disposal of tangible assets	37,262	20,547
	<u>3,839,407</u>	<u>1,825,183</u>
	5,212,028	2,848,791

Application of Funds

Acquisition of tangible assets	4,315,170	2,328,596
Loans repaid	591,558	730,465
Hire purchase repayments	112,228	104,238
	<u>5,018,956</u>	<u>3,163,299</u>
Net increase/(decrease) in working capital	£193,072	£(314,508)

Represented by:-

Increase/(Decrease) in Stock	(131,847)	149,114
Increase/(Decrease) in Debtors	(431,166)	631,536
Increase/(Decrease) in Cash and Bank Balances	309,995	146,542
(Increase)/Decrease in Creditors due within one year	446,090	(1,241,700)
	<u>£193,072</u>	<u>£(314,508)</u>



Notes to the Accounts

1. ACCOUNTING POLICIES

The following specific accounting policies have been selected and consistently applied in order to present fairly the results and financial position of the Group.

(a) **Basis of Accounting**

The accounts have been prepared under alternative accounting rules set out in the fourth Schedule to the Companies Act 1985, being prepared under the historical cost convention adjusted by the revaluations of certain leasehold and freehold property. A separate Profit and Loss Account for the parent Company has not been presented in accordance with section 228 of the Companies Act 1985.

(b) **Basis of Consolidation**

The consolidated accounts include the accounts of the Company and its subsidiaries for the 52 weeks ended 1st June, 1986. Any excess of cost of investments in subsidiaries over the book value of net assets acquired is written off to reserves.

(c) **Fixed Assets**

Excluding freehold land and buildings on which no depreciation is charged, depreciation is provided on a straight line basis at rates calculated to write off the net cost of assets over their expected useful lives using the following rates:-

Leasehold Property	-	unexpired period of the lease
Fixtures and Fittings	-	5%-20% per annum
Motor Vehicles	-	25% per annum

(d) **Stock**

Stock is consistently valued at the lower of cost and net realisable value.

(e) **Deferred Taxation**

Provision is made in respect of timing differences arising from accelerated capital allowances to the extent that such liabilities are expected to become payable in the foreseeable future. No provision is made for taxation liabilities on capital gains which might arise from the sale of properties at the values at which they are stated in the Balance Sheet.

2. TURNOVER

Turnover consists of the amounts receivable from customers after the deduction of Value Added Tax.



Notes to the Accounts

3. CAPITAL GRANTS

Capital grants are amounts received towards the development costs of the Group's Motorway Service Areas. The total received is credited to the Profit and Loss Account over the period of the agreements and the balance is carried forward as deferred income (see note 13).

4. INTEREST PAYABLE

	1986	1985
Barclays Bank PLC		
Overdraft	125,923	78,657
Loans Repayable Within 5 years	—	5,810
Loans Repayable After 5 years	564,207	477,810
	<u>690,130</u>	<u>562,277</u>
Others		
Loans Repayable Within 5 years	—	35,023
Loans Repayable After 5 years	—	6,306
	<u>£690,130</u>	<u>£603,606</u>

5. PROFIT ON ORDINARY ACTIVITIES

This is stated after charging the following:—

	1986	1985
	£	£
Depreciation	727,844	467,951
Loss on Sale of Assets	8,821	4,205
Auditors Remuneration	13,500	12,500
Directors Remuneration	37,446	51,002
	<u>787,611</u>	<u>535,658</u>

6. TAXATION

The charge on the profit for the period consists of:—

	1986	1985
Corporation Tax @ 38.66%	226,287	—
Deferred Taxation	50,000	120,000
	<u>£276,287</u>	<u>£120,000</u>



Notes to the Accounts

7. FIXED ASSETS

	<i>Freehold Land and Buildings</i>	<i>Leasehold Land and Buildings</i>	<i>Fixtures and Fittings</i>	<i>Motor Vehicles</i>	<i>Total</i>
Cost or Valuation					
At 2nd June, 1985	804,225	12,664,851	3,382,645	230,926	17,082,647
Disposals	—	—	(41,477)	(80,334)	(121,811)
Additions	—	2,933,433	1,278,041	103,696	4,315,170
Revaluation	920,000	2,886,000	—	—	3,806,000
At 1st June, 1986	1,724,225	18,484,284	4,619,209	254,288	25,082,006
Depreciation					
At 2nd June, 1985	—	115,182	1,335,843	92,300	1,543,325
Disposals	—	—	(16,349)	(59,379)	(75,728)
Charge for Period	—	275,423	398,040	54,381	727,844
Revaluation	—	(163,000)	—	—	(163,000)
At 1st June, 1986	—	227,605	1,717,534	87,302	2,032,441
Net Book Values					
At 1st June, 1986	1,724,225	18,256,679	2,901,675	166,986	£23,049,565
At 2nd June, 1985	804,225	12,549,669	2,046,802	138,626	£15,539,322

Freehold and Leasehold property included at valuation comprises:-

Cost	597,225	10,971,284
Revaluations:		
1984-1985	207,000	4,627,000
1986	920,000	2,886,000
	<u>£1,724,225</u>	<u>£18,484,284</u>

Certain of the Group's leasehold and freehold properties having a net book value of £9,285,000 have been revalued at 1st June, 1986 at £11,880,000 by Dron & Wright (Chartered Surveyors) on an open market existing use basis.

One of the leasehold properties having a net book value of £3,426,000 has been revalued at 1st June, 1986 at £4,800,000 by the Directors, having taken independent professional advice, also on an open market existing use basis.

Notes to the Accounts

8. INVESTMENTS

- (a) In the opinion of the Directors, the value of the Company's interest in its subsidiaries is not less than the original cost as stated in the Balance Sheet.
- (b) The Group's subsidiary companies together with their principal activities are listed below. All companies are wholly owned and incorporated in England, and the shareholdings are in ordinary shares.

		<i>Principal Activities</i>
Roadchef Limited		Motorway Service Areas
Roadway Diners Limited		Motorway Service Areas
Roadchef Group Limited)	
Roadchef (Hamilton) Limited	*	
Roadchef (Harthill) Limited	*	
Roadchef (Killington) Limited	*	
Roadchef (Pont Abraham) Limited	*	All Non Trading
Roadchef (Rownhams) Limited	*	
Roadchef (Sandbach) Limited	*	
Roadchef (Taunton) Limited	*	

* indicates that the shares are held by a subsidiary

The shares in Roadchef (Taunton) Limited are held in the name of Barclays Nominees (Branches) Limited as security for the Group's overdraft facility.

9. DEBTORS

	<i>Group</i>		<i>Company</i>	
	1986	1985	1986	1985
Trade Debtors	489,227	558,638	—	—
Other Debtors	57,484	340,038	—	—
Amounts owed by Subsidiaries	—	—	185,984	154,796
Prepayments	78,217	157,418	—	—
	<u>£624,928</u>	<u>£1,056,094</u>	<u>£185,984</u>	<u>£154,796</u>

10. CREDITORS

	<i>Group</i>		<i>Company</i>	
	1986	1985	1986	1985
Amounts falling due within one year				
Trade Creditors (secured)	645,430	619,176	—	—
Trade Creditors (unsecured)	1,999,491	2,246,782	—	—
Other Creditors	860,474	1,038,225	—	—
Taxes and Social Security	413,435	476,997	—	—
Accruals	295,328	279,068	6,300	4,000
Amounts owed to Subsidiaries	—	—	763,667	763,667
Bank Overdraft	—	127,534	—	—
Proportion of Long Term Loans	803,758	581,358	—	—
Hire Purchase Accounts	137,149	57,767	—	—
Corporation Tax	226,287	—	8,439	—
	<u>£5,381,352</u>	<u>£5,426,907</u>	<u>£778,406</u>	<u>£767,667</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the Group.



Notes to the Accounts

11. CREDITORS

Amounts falling due after more than one year

Loans to Subsidiary Company	1986	1985
Barclays Bank PLC		
1984/92 – Average Interest Rate 13.7%	2,722,000	3,111,000
1985/92 – Average Interest Rate 13.7%	438,000	500,000
1986/93 – Average Interest Rate 13.7%	800,000	550,000
1986/96 – Average Interest Rate 11.8%	500,000	—
1986/97 – Average Interest Rate 12.9%	1,500,000	—
	<u>5,960,000</u>	<u>4,161,000</u>
Other loans		
1984/94	890,371	999,396
1985/90	83,556	104,889
1986/96 (Advanced 28th April, 1986)	1,213,800	—
	<u>8,147,727</u>	<u>5,265,285</u>
Less repayable within one year	803,758	581,358
	<u>7,343,969</u>	<u>4,683,927</u>
Hire purchase accounts	148,069	11,534
	<u>£7,492,038</u>	<u>£4,695,461</u>

The loans are secured by fixed and floating charges over the assets of the Group.

12. PROVISIONS FOR LIABILITIES AND CHARGES – DEFERRED TAXATION

	1986		1985	
	Amount Provided	Amount Unprovided	Amount Provided	Amount Unprovided
Accelerated capital allowances	170,000	477,000	120,000	390,000
Revaluation of leasehold and freehold property	—	2,952,000	—	1,810,000
	<u>£170,000</u>	<u>£3,429,000</u>	<u>£120,000</u>	<u>£2,200,000</u>

Deferred taxation is calculated at 35%

There is no intention of selling any of the properties and, in the opinion of the Directors, any capital gains tax arising on disposal would be deferred by rollover relief.



Notes to the Accounts

13. DEFERRED INCOME

	1986	1985
Balance brought forward	442,269	544,129
Credited to the Profit and Loss Account in the Period	(66,672)	(101,860)
	<u>£375,597</u>	<u>£442,269</u>

14. SHARE CAPITAL

	1986	1985
Authorised:		
10,000,000 Ordinary Shares of 10p each	<u>£1,000,000</u>	<u>£1,000,000</u>
Issued:		
2,500,000 Ordinary Shares of 10p each	<u>£250,000</u>	<u>£250,000</u>

15. RESERVES

Group	Revaluation Reserve	Capital Reserve	Profit and Loss Account	Total
At 2nd June, 1985	5,195,000	677,445	760,942	6,633,387
Retained Profit	—	—	426,341	426,341
Revaluation	3,969,000	—	—	3,969,000
At 1st June, 1986	<u>9,164,000</u>	<u>677,445</u>	<u>1,187,283</u>	<u>£11,028,728</u>
Company				
At 2nd June, 1985	—	—	796	796
Retained Profit	—	—	20,449	20,449
At 1st June, 1986	<u>—</u>	<u>—</u>	<u>21,245</u>	<u>£21,245</u>

Reserves of the Group available for distribution amount to £152,728.



Notes to the Accounts

16. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the period was 687 (1985: 624)

The aggregate payroll costs of these persons were as follows:-

	1986	1985
Wages and Salaries	3,319,068	2,631,828
Social Security Costs	289,114	269,736
Other Pension Costs	62,195	40,899
	<u>£3,670,377</u>	<u>£2,942,463</u>

17. DIRECTORS REMUNERATION

Excluding pension contributions, the remuneration of the Directors was:-

	1986	1985
	£	£
Chairman and Highest Paid Director	37,196	50,752
Other Director	250	250
	<u>37,446</u>	<u>51,002</u>

18. CAPITAL COMMITMENTS

Future capital expenditure authorised by the Boards within the Group at 1st June, 1986 amounted to £351,000 (1985: £790,000) against which contracts amounting to £303,000 (1985: £710,000) had been placed.



RoadChef Ltd. Motorway Service Areas

Hamilton M74 Motorway, Hamilton,
Lanarkshire
Tel: 0698 282176

Bothwell M74 Motorway, Bothwell,
Lanarkshire
Tel: 0698 854123

Harthill M8 Motorway, Harthill,
Lanarkshire
Tel: 0501 51791

Killington Lake M6 Motorway, Nr. Kendal,
Cumbria
Tel: 0587 20739

Sandbach M6 Motorway, Sandbach,
Cheshire
Tel: 0270 767134

Pont Abraham M4 Motorway, Pontardulais,
Swansea, Dyfed
Tel: 0792 884663

Sedgemoor M5 Motorway, Bridgwater,
(Southbound only) Somerset
Tel: 093472 888

Taunton Deane M5 Motorway, Trull, Taunton,
Somerset
Tel: 0823 71111

Rownhams M27 Motorway, Southampton,
Hampshire
Tel: 0703 734480