

Registered Number 2941640

Takeabreak Motorway Services Limited
Annual report and financial statements
for the 52 weeks ended 29 September 2002



Takeabreak Motorway Services Limited

Annual report and financial statements for the 52 weeks ended 29 September 2002

Contents

Directors and advisers.....	1
Directors' report.....	2
Independent auditors' report.....	4
Profit and loss account.....	6
Statement of total recognised gains and losses.....	7
Note of historical cost profits and losses.....	8
Balance sheet.....	9
Accounting policies.....	10
Notes to the financial statements.....	13

Takeabreak Motorway Services Limited

Directors and advisers

Directors

N D W Broughton

J R Greenwood

Secretary

T J Flanagan

Registered Office

RoadChef House

Gloucester Green

Barnett Way

Barnwood

Gloucester

GL4 3GG

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Bankers

Barclays Bank

Pall Mall

London

SW1A 1QA

Takeabreak Motorway Services Limited

Directors' report for the 52 weeks ended 29 September 2002

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the 52 weeks ended 29 September 2002.

Principal activity and business review

The principal activity of the company is the provision of services to the travelling public.

The company undertook a planned investment programme of improvements, including the construction of a replacement amenity building at its M5 South Strensham site. The results include an amount of £4,900,000 in respect of accelerated depreciation following this redevelopment work.

Results and dividends

A summary of the results for the period is given in the profit and loss account on page 6. The directors do not recommend payment of a dividend.

Directors and their interests

Details of the directors of the company who served during the period under review are as follows:

N D W Broughton

M R Clarke

Resigned 26 June 2003

J R Greenwood

M R Clarke was a director of an intermediate parent company, MSA Acquisitions Co. Limited, at the period end, and his interests are disclosed in the financial statements of that company.

N D W Broughton and J R Greenwood were also directors of an intermediate holding company, RoadChef Limited, at the period end, and their interests are disclosed in the financial statements of that company.

None of the directors hold beneficial interest in the ultimate parent company, MSA Holdings Limited.

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 company continues and the appropriate training is arranged. It is the policy of the company 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 company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the RoadChef group.

Takeabreak Motorway Services Limited

Directors' report for the 52 weeks ended 29 September 2002 (continued)

Statement of directors' responsibilities

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

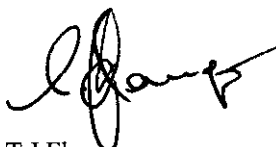
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

During the year Arthur Andersen resigned as auditors and the directors appointed PricewaterhouseCoopers in their place. Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 4 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



T J Flanagan
Company Secretary
8 September 2003

Takeabreak Motorway Services Limited

Independent auditors' report to the members of Takeabreak Motorway Services Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 financial statements 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 financial statements.

Takeabreak Motorway Services Limited

Independent auditors' report to the members of Takeabreak Motorway Services Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 September 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

8 September 2003

Takeabreak Motorway Services Limited

Profit and loss account for the 52 weeks ended 29 September 2002

	Note	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
Turnover		36,240	33,326
Cost of sales		(27,156)	(25,717)
Gross profit		9,084	7,609
Administrative expenses – ordinary		(6,049)	(5,491)
– exceptional	1	(4,900)	-
Operating (loss)/profit		(1,865)	2,118
Interest receivable and similar income	2	2,631	2,627
Interest payable and similar charges	3	(2,631)	(2,669)
(Loss)/profit on ordinary activities before taxation	4	(1,865)	2,076
Tax on (loss)/profit on ordinary activities	5	(1,382)	(166)
(Loss)/profit for the financial period	14,15	(3,247)	1,910

All operations of the company continued throughout the period.

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

Takeabreak Motorway Services Limited

Statement of total recognised gains and losses for the 52 weeks ended 29 September 2002

	Note	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
(Loss)/profit for the financial period		(3,247)	1,910
Unrealised surplus on revaluation of leasehold	15	-	4,639
Total recognised (losses)/gains for the period		(3,247)	6,549

The accompanying notes are an integral part of this statement of recognised gains and losses.

Takeabreak Motorway Services Limited

Note of historical cost profits and losses for the 52 weeks ended 29 September 2002

	52 weeks ended 29 September 2002 £'000	52 weeks ended 30 September 2001 £'000
Reported (loss)/profit on ordinary activities before taxation	(1,865)	2,076
Difference between the historical cost depreciation charge and actual depreciation charge for the period	702	571
Historical cost (loss)/profit on ordinary activities before taxation	(1,163)	2,647
Historical cost (loss)/profit for the financial period retained after taxation	(2,545)	2,481

The accompanying notes are an integral part of this note of historical cost profits and losses.

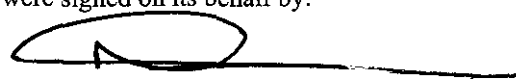
Takeabreak Motorway Services Limited

Balance sheet as at 29 September 2002

	Note	29 September 2002 £'000	Restated 30 September 2001 £'000
Fixed assets			
Tangible assets	7	38,212	40,001
Current assets			
Stock	8	637	582
Debtors – due within one year	9	654	912
– due after more than one year	9	37,884	35,308
Cash at bank and in hand		2,768	3,209
		41,943	40,011
Creditors - amounts falling due within one year	10	(12,375)	(8,988)
Net current assets		29,568	31,023
Total assets less current liabilities		67,780	71,024
Creditors - amounts falling due after more than one year	11	(33,948)	(33,930)
Provisions for liabilities and charges	12	-	(15)
Net assets		33,832	37,079
Capital and reserves			
Called up share capital	13	818	818
Share premium account	14	3,802	3,802
Revaluation reserve	14	24,344	25,046
Profit and loss account	14	4,868	7,413
Equity shareholders' funds	15	33,832	37,079

The 2001 comparative balances have been restated to correctly reflect the classification of certain inter company liabilities between those due within one year and those due after one year. This restatement has had no profit and loss account impact

The financial statements on pages 6 to 21 were approved by the board of directors on 8 September 2003 and were signed on its behalf by:



N D W Broughton

Director

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

Takeabreak Motorway Services Limited

Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain leasehold properties, the accounting policies set out below and in accordance with applicable accounting standards.

The Company has adopted FRS 19 'Deferred Tax' in the accounts. FRS 19 requires, subject to certain exemptions, that deferred tax be recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The previous accounting policy was to recognise a liability or asset in respect of deferred tax to the extent that it was likely to be payable or recoverable. There was no impact on the company's result following the change in accounting policy.

The group headed by MSA Acquisitions Co. Limited, of which the company is a member is funded in part by unsecured borrowings due for repayment in April 2004.

Included within the company's net current assets at 29 September 2002 of £29,568,000 (2001: £32,071,000) are amounts of £33,497,000 (2001: £35,308,000) due after more than one year from other group companies. There is no foreseeable date for the repayment of these amounts and consequently the company, after excluding these amounts has net current liabilities of £3,929,000 (2001: £3,237,000).

The directors have concluded, having regard to the most recent projections available that the company will have in place sufficient funding to enable it to continue trading and meet its liabilities to third parties as they fall due for the foreseeable future. In reaching this conclusion the foreseeable future has been assessed as a period of not less than one year from the date of approval of these financial statements.

Turnover

Turnover consists of the amounts receivable from customers in the UK, from the company's continuing activity and after the deduction of Value Added Tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation of short leasehold properties which have leases of less than 50 years, is calculated on a straight line basis over the remaining term of the lease.

The cost of other tangible fixed assets comprises fixtures and 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

Takeabreak Motorway Services Limited

Accounting policies (continued)

Revaluation of properties

Individual leasehold properties are professionally valued every five years and internally valued in the third year following the professional valuation with the surplus or deficit on book value being 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. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve not the profit and loss account as a movement on 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.

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 terms 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.

Stocks

Stocks are stated at the lower of cost and net realisable value. There is no inclusion of overheads in stock.

Taxation

The charge for ordinary taxation is based on the profits for the period and takes into account full provision for deferred tax, using the approach set out in FRS 19 'Deferred Tax', which requires a liability or asset to be recognised where a transaction has occurred at the balance sheet date that gives rise to an obligation to pay more or less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities have not been discounted.

Pension costs

The amount charged to the profit and loss account in respect of pension costs under the company's defined contribution scheme is the contributions payable in the period. 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

Leases

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

Takeabreak Motorway Services Limited

Accounting policies (continued)

Debt

Debt is initially stated at the amount of the net proceeds after the 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.

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002

1 Exceptional items

The exceptional administrative expenses in the period ended 29 September 2002 relate to an accelerated depreciation charge of £4,900,000 arising from redevelopment work undertaken at the Strensham site.

2 Interest receivable and similar income

	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
Bank deposits	54	-
Loans to intermediate parent company	2,577	2,627
	2,631	2,627

3 Interest payable and similar charges

	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
Loans from another group company	2,612	2,595
Finance costs of loans from another group company	19	18
Other interest	-	56
	2,631	2,669

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging:

	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
Depreciation	1,529	1,446
Accelerated depreciation	4,900	-
Auditors' remuneration – audit services	20	16
Previous auditors' remuneration – non-audit services	50	54
Operating lease rentals – land and buildings	38	38

5 Tax on (loss)/profit on ordinary activities

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

	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
Current tax:		
UK corporation tax on (loss)/profit for the period	1,370	1,048
Adjustment in respect of prior periods	27	(277)
Total current tax	1,397	771
Deferred tax:		
Origination reversal of timing differences (ACA and other)	-	(208)
Adjustment in respect of prior periods	(15)	(397)
Total deferred tax	(15)	(605)
Tax on (loss)/profit on ordinary activities	1,382	166

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

5 Tax on (loss)/profit on ordinary activities (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
(Loss)/profit on ordinary activities before tax	(1,865)	2,076
Profit on ordinary activities at standard rate of 30%	(559)	623
Depreciation in excess of capital allowances	1,929	425
Adjustments in respect of previous periods	27	(277)
Current tax charge for the period	1,397	771

6 Financial commitments

Operating leases

The company had annual commitments in respect of land and buildings under non-cancellable operating leases as follows:

	29 September 2002 £'000	30 September 2001 £'000
Expiry date:		
Within one year	38	38

Security

There are fixed and floating charges over the assets of the company to secure loan notes issued by a fellow subsidiary company amounting to £207,054,000 (2001: £210,000,000).

Capital commitments

Future capital expenditure authorised by the Board as at 29 September 2002 against which contracts had been placed amounted to £3,000 (2001: £432,000).

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

7 Tangible fixed assets

	Short leasehold land and buildings £'000	Other £'000	Total £'000
Cost or valuation			
At 30 September 2001	36,212	6,951	43,163
Additions	3,073	1,567	4,640
Disposals	(3,731)	(2,534)	(6,265)
At 29 September 2002	35,554	5,984	41,538
Depreciation			
At 30 September 2001	-	3,162	3,162
Charge for the period	925	604	1,529
Accelerated depreciation (note 1)	3,731	1,169	4,900
Disposals	(3,731)	(2,534)	(6,265)
At 29 September 2002	925	2,401	3,326
Net book amount			
At 29 September 2002	34,629	3,583	38,212
At 30 September 2001	36,212	3,789	40,001

Leasehold land and buildings were valued by the directors on an open market valuation basis in September 2001.

Short leasehold land and buildings are analysed as follows:

	29 September 2002 £'000	30 September 2001 £'000
Valuation – 2001	32,481	36,212
Cost	3,073	-
	35,554	36,212

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

7 Tangible fixed assets (continued)

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

	29 September 2002 £'000	30 September 2001 £'000
Cost	11,209	11,867
Depreciation	(1,329)	(1,113)
Net book amount	9,880	10,754

8 Stocks

	29 September 2002 £'000	30 September 2001 £'000
Raw materials and consumables	37	17
Goods for resale	600	565
	637	582

9 Debtors

	29 September 2002 £'000	30 September 2001 £'000
Amounts falling due within one year:		
Trade debtors	583	466
Corporation tax recoverable	37	402
Other debtors	7	19
Prepayments	27	25
	654	912
Amounts falling due after more than one year:		
Amounts owed by group companies	37,884	35,308
	38,538	36,220

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

10 Creditors – amounts falling due within one year

	29 September 2002 £'000	30 September 2001 £'000
Trade creditors	471	103
Amounts owed to group companies	9,666	6,705
Other taxes and social security	1,542	1,587
Other creditors	491	407
Accruals	205	186
	12,375	8,988

11 Creditors – amounts falling due after more than one year

	29 September 2002 £'000	30 September 2001 £'000
Amounts owed to a group company	33,948	33,930

The amounts owed to a group company are secured over the assets of the company, bear interest at varying interest rates and are repayable at varying amounts between October 2009 and 2026.

12 Provisions for liabilities and charges

	29 September 2002		30 September 2001	
	Amount provided	Potential	Amount provided	Potential
	£'000	£'000	£'000	£'000
Deferred taxation:				
Accelerated capital allowances	-	-	15	15
Property revaluations	-	5,902	-	6,018
	-	5,902	15	6,033

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

12 Provisions for liabilities and charges (continued)

	Deferred taxation £'000
At 30 September 2001	15
Credited to profit and loss account	(15)
At 29 September 2002	-

13 Called up share capital

	29 September 2002 £'000	30 September 2001 £'000
Authorised		
874,643 ordinary shares of £1 each	875	875
Allotted and fully paid		
818,643 ordinary shares of £1 each	818	818

14 Reserves

	Share Premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2001	3,802	25,046	7,413	36,261
Loss for the financial period	-	-	(3,247)	(3,247)
Realisation of revaluation surplus	-	(702)	702	-
At 29 September 2002	3,802	24,344	4,868	33,014

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

15 Reconciliation of movements in shareholders' funds

	52 weeks ended 29 September 2002 £'000	53 weeks ended 30 September 2001 £'000
(Loss)/profit for the financial period	(3,247)	1,910
Revaluation surplus	-	4,639
Total recognised (losses)/gains for the financial period	(3,247)	6,549
Opening shareholders' funds	37,079	30,530
Closing shareholders' funds	33,832	37,079

16 Employee costs

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

	52 weeks ended 29 September 2002 Number	Restated 53 weeks ended 30 September 2001 Number
Operational	126	107
Management and administration	18	23
	144	130

Their aggregate payroll costs comprised:

	2002 £'000	2001 £'000
Wages and salaries	1,657	1,342
Social security costs	105	82
Pensions costs	7	5
	1,769	1,429

Takeabreak Motorway Services Limited

Notes to the financial statements for the 52 weeks ended 29 September 2002 (continued)

16 Employee costs (continued)

Employee numbers have been restated in 2001 to correctly reflect the average monthly number of employees employed during the period.

17 Directors' emoluments

No emoluments were paid to the directors during the period (2001:£nil). Messrs Broughton and Greenwood are directors of RoadChef Limited, a fellow group company and their remuneration, in respect of their services to the group as a whole, is disclosed in the financial statements of that company. No management recharge is made by RoadChef Limited in respect of their services to the company.

Mr M R Clarke received no emoluments for his services to the company.

18 Pension scheme

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 £7,000 (2001: £5,000).

19 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of MSA Holdings Limited and is included in the consolidated financial statements of MSA Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the group or investees of MSA Holdings Limited group.

20 Ultimate parent undertaking

The immediate parent company is RoadChef Motorways Holdings Limited, a company registered in England and Wales. The largest UK group in which the results of the company are consolidated is that headed by MSA Holdings Limited, and the smallest is that headed by RoadChef Motorways Holdings Limited. Copies of these financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

MSA Holdings Limited, whose shares are wholly owned by SPV Management Limited holds 51% of the shares in an intermediate parent company MSA Acquisitions Co. Limited. Nikko Cordial Corporation, a company incorporated in Japan holds warrants via a UK subsidiary company, Nikko Securities Global Holdings Limited, to subscribe for shares in MSA Acquisitions Co. Limited, which if exercised in full, would result in them acquiring 51% equity ownership. However, in view of the rights granted to a minority shareholder, the directors do not consider that any one shareholder has ultimate control.