REGISTERED NUMBER 2941640

Takeabreak Motorway Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 4 JANUARY 2011

Takeabreak Motorway Services Limited

COMPANY INFORMATION

DIRECTORS	S Turl I McKay R Tindale
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

Takeabreak Motorway Services Limited

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DIRECTORS' REPORT
FOR THE YEAR ENDED 4 JANUARY 2011

The directors present their annual report on the affairs of the Company, together with the financial statements and independent auditors' report, for the year ended 4 January 2011 The comparative period was the year ended 2 January 2010

Business review and principal activity
The Company operated a motorway service area on 2 sides of the M5 motorway in the United Kingdom for the year ended 4 January 2011 We do not anticipate the principal activities of the business to change in the foreseeable future

The results for the Company show an operating profit of £828,000 (2 January 2010 £3 076,000) and a pre-tax profit of £904 000 (2 January 2010 £3,070,000) The Board looks at the comparable results excluding the operating agreement as detailed below and in note 2, as a meaningful comparison of performance and accept the level of earnings for the year

Operating agreement
During the previous year the Company traded under the terms of the operating agreement entered into by MSA Acquisitions Co Limited with County Estates Management Services Limited (CEM) During September 2009 the directors of MSA Acquisitions Co Limited, the ultimate parent company in the United Kingdom of Takeabreak Motorway Services Limited took the decision to fully provide for the debtor balance that had arisen in respect of the agreement with CEM

The decision to provide against the CEM debtor resulted in a change to the reporting format from October 2009 Full details are disclosed in note 2 The agreement with CEM was terminated in April 2010

BP agreement
During the prior year the Company entered into a 23 year contract with BP whereby BP would lease a forecourt The contract generated an up-front payment, which has been treated as deferred income Although profit of the Company remains at similar levels there has been a reduction in Revenue and Cost of Sales This contract has enabled the Company to reduce its exposure to fuel price fluctuations and to move away from very low margin business to focus on the more profitable income generators of the business such as catering

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

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

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

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

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

Investing in brands and services aligned to customer wants
Management believes that the consistency and quality offered by well known high street brands drives sales growth

This was demonstrated by the investment during 2008 in the Strensham site located on the southbound M5, which involved a complete overhaul of the offer to customers This included the fresh seating and introduction of new brands such as McDonalds Soho Coffee and Hot Food Company (HFC) with the aim of providing a wider choice to more customers The benefits of this have been clear with a 40% growth in transactions and a 20% growth in catering sales During 2010 the Roadchef Group commenced a £10 5m development plan of the motorway service areas At the Strensham site on the northbound M5 the Roadchef Group have replaced Wimpy with McDonald's and replaced Restbite with HFC The development programme will continue to run through 2011 with a Costa redevelopment a Costa trailer and improvements to the site

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

Minimum Wage The Company 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 Government has resulted in the Company 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 During the prior year one of the Strensham forecourts was leased to BP and the fuel supply arrangements came to an end This enabled the Company to mitigate the impact of fuel price fluctuations

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

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

Road Pricing There has been much discussion in the press concerning the implementation of a road pricing regime aimed at reducing the use of motor vehicles The Company's management regard the implementation of such a Government policy to be remote at present, though clearly it is a long term issue

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

The board monitors progress on the overall Company strategy and the individual strategic elements by reference to the following KPIs Performance during the year together with the historical data is set out below-

	2010	2009	Definition, method of calculation and analysis
Growth in amenity building sales (%)	(2 4)%	6 5%	Year on year sales growth expressed as a percentage Amenity building sales like for like showed a reduction of 2 4% largely as a result of the bad snow at the end of the 2010 that had a significant impact on the final quarter trading
Gross margin in the amenity building (%)	62 2%	60 8%	The amenity building gross margin is the ratio of operating profit before wages and overheads to sales expressed as a percentage The gross margin improvement is due to our improved catering offers and better operational control
Amenity building transactions (m)	3 1	3 2	This is the actual number of transactions recorded in the main building in both the retail and catering outlets The visits this period have decreased due to the snow at the beginning and at the end of the year
Spend per transaction (£)	£4 38	£4 32	This is the sales in the amenity building (excluding hotel offerings and other income) divided by the number of transactions The Company 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 due to the improved catering offers and meal deals that have been offered during the year

Charitable and political contributions
During the year the Company made charitable and political donations of £nil (2 January 2010 £nil)

Capital expenditure
The capital expenditure in the year related to the acquisition of fixtures and fittings of £296 000 (2 January 2010 £274 000)

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

Equal opportunities
The Company 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 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 the various factors affecting the performance of the Company

Results and dividends
The results for the year are set out on page 7 The directors do not recommend the payment of a dividend (2 January 2010 £nil)

Going concern
The Company's business activities together with the factors likely to affect its future development, performance and position are set out above The Company s key sensitivity is the level of trading it achieves which is dependant on a number of factors outside the Company's control including 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 Company meets its day to day working capital requirements through an overdraft facility which is renewed annually The bank overdraft facilities are due for renewal at the end of 2011 but there is no indication from the bank that the current facilities would not be renewed

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

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

Directors
Details of the directors who held office during the year are given below

S Turl
I McKay
S Lee (appointed 15 January 2010 resigned 31 July 2011)
R Tindale (appointed 15 January 2010)
R Margerrison (resigned 14 January 2010)

Directors' liability insurance and indemnity

MSA Acquisitions Co Limited the ultimate parent company in the United Kingdom, has granted an indemnity to one or more of its directors against its liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains the same as at the date of approving the Directors' Report

Directors' statement as to disclosure of information to the auditors

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

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

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

Creditors payment

All trade creditors are held within Roadchef Motorways Limited, a fellow group company, therefore creditor days are not disclosed within this Company

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

S Turl
Director

Date 21 October 2011

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 Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Takeabreak Motorway Services Limited

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TAKEABREAK MOTORWAY SERVICES LIMITED

We have audited the financial statements of Takeabreak Motorway Services Limited for the year ended 4 January 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses the Balance Sheet and the related notes 1 to 21 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 auditor

As explained more fully in the Statement of Directors' Responsibilities 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 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 Company's affairs as at 4 January 2011 and of the Company s loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – possible outcome of contract termination negotiations

In forming our opinion on the financial statements, which is not modified we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the possible outcome of negotiations to settle the monetary amounts owed to MSA Acquisitions Co Limited ('MSA), the ultimate parent company in the United Kingdom of Takeabreak Motorway Services Limited, by County Estates Management Services Limited (CEM') The agreement with CEM was terminated in April 2010 and the control exercised by CEM under this agreement ceased at this point in time MSA is in negotiations with CEM to recover the monies owed to the Group as a result of the termination If no meaningful financial recovery is recovered from CEM it would need to be considered whether the contract transferred the risks and rewards of the operations to CEM and therefore whether the accounts presentation should be changed as outlined in note 2 The ultimate outcome of the matter cannot presently be determined, and no changes to the accounts that may result have been made in the financial statements

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 Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

21/10/2011

Takeabreak Motorway Services Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 4 JANUARY 2011

	Note	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £'000
Turnover	2	**27,855**	9 471
Cost of sales		**(16,807)**	(3 941)
Gross profit		**11,048**	5 530
Administrative expenses		**(10,218)**	(2 454)
Exceptional items	3	**(2)**	-
Operating profit	7	**828**	3,076
Interest receivable and similar income		**2,598**	2,577
Interest payable and similar charges		**(2,522)**	(2,583)
Net finance income/ (cost)	6	**76**	(6)
Profit on ordinary activities before taxation		**904**	3 070
Taxation	8	**(1,098)**	(1 194)
(Loss)/ profit for the financial year	16	**(194)**	1 876

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

Takeabreak Motorway Services Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 4 JANUARY 2011

	Note	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £'000
(Loss)/ profit for the financial year	16	(194)	1 876
Unrealised deficit on revaluation of land and buildings	9	(1,298)	(243)
Total recognised (losses)/ gains for the year		(1,492)	1 633

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 4 JANUARY 2011

	Note	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £ 000
Reported profit on ordinary activities before taxation		904	3,070
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	16	1,891	474
Historical cost profit on ordinary activities before taxation		2,795	3,544
Historical cost profit on ordinary activities after taxation		1,697	2,350

Takeabreak Motorway Services Limited

BALANCE SHEET
AS AT 4 JANUARY 2011

	Note	4 January 2011 £'000	2 January 2010 £'000
Fixed assets			
Tangible fixed assets	9	66,172	70 200
Current assets			
Stocks	10	561	211
Debtors amounts falling due after more than one year	11	59,218	56,620
Debtors amounts falling due within one year	11	56,448	63,333
Cash at bank and in hand		206	489
		116,433	120,653
Creditors amounts falling due within one year	12	(65,090)	(70,650)
Net current assets		51,343	50 003
Total assets less current liabilities		117,515	120 203
Creditors amounts falling due after more than one year	13	(30,853)	(32 076)
Deferred income	14	(971)	(944)
Net assets		85,691	87,183
Capital and reserves			
Called up share capital	15	818	818
Share premium account	16	3,802	3 802
Revaluation reserve	16	53,938	57 127
Profit and loss account	16	27,133	25 436
Equity shareholder's funds	17	85,691	87 183

The financial statements were approved by the Board and authorised for issue on 21 October 2011

S Turl
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 Company's net current assets at 4 January 2011 of £51 343 000 (2 January 2010 £50,003 000) are amounts of £59 218,000 (2 January 2010 £56,620,000) due after more than one year from other Group companies Consequently the Company after excluding these amounts, has net current liabilities of £7 875,000 (2 January 2010 £6,617 000) The directors are of the opinion that, having regard to the funding available from MSA Acquisitions Co Limited the Company 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

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 a cash flow statement

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 Turnover on retail sales is recognised when goods are sold to the customer

Under the terms of certain fuel supply arrangements the Company 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

As described in note 2 from 1 January 2008 to 3 October 2009, the Company acted as an agent for County Estates Management Services Limited (CEM) The turnover for the comparative period from 4 October 2009 to 2 January 2010 is recognised as detailed above Turnover for the remaining 39 week period from 3 January 2009 to 3 October 2009 is accounted for as described in note 2

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 Company 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 Company 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

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

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

Impairment of tangible fixed assets

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

Stocks

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

1 Accounting policies (continued)

Taxation
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

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

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

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

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

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 4 January 2011, Delek Real Estate Limited

2 Operating Agreement

The operating agreement between County Estates Management Services Limited (CEM) and MSA Acquisitions Co Limited, the Company's ultimate parent undertaking in the United Kingdom was in place for the period to 3 October 2009 Under this agreement CEM guaranteed the MSA Acquisitions Co Limited Group a fixed revenue stream for the duration of the 5 year contract period and as a result the Group and Company acted as an agent for CEM 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 Takeabreak Motorway Services Limited turnover representing its share of the fixed revenue stream under the contract Items below operating profit are incurred by the Company and were unaffected by the operating agreement

In October 2009 it became evident that CEM would potentially not meet its liabilities due under the agreement and as a result the MSA Acquisitions Co Limited Group provided against the balances due from CEM in the period ending 2 January 2010 As this changed the commerciality of the arrangement this resulted in a change to financial statement presentation from 4 October 2009 The investment properties that were recognised during the comparative period the Company acted as agent for CEM were transferred back to tangible fixed assets and depreciated from the date of transfer and from 4 October 2009 the profit and loss account was presented with full disclosure of the Group's trading position

The agreement with CEM was terminated in April 2010 and the control exercised by CEM under this agreement ceased at this point in time MSA Acquisitions Co Limited continue to be in negotiations with CEM to recover the monies owed to the Group as a result of the termination The ultimate outcome of these negotiations cannot presently be determined If no meaningful financial recovery is received from CEM it would need to be considered whether the contract transferred the risks and rewards of the operations to CEM and therefore whether the accounts presentation should be changed for the comparative period as outlined above

If the operating agreement with CEM had not been in place during the comparative financial period the results would have been presented as follows

	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £'000
Turnover	**27,855**	34 503
Cost of sales	**(16,807)**	(23,309)
Gross profit	**11,048**	11 194
Administrative expenses	**(10,218)**	(8,385)
Exceptional items	**(2)**	-
Operating profit	**828**	2,809
Interest receivable and similar income	**2,598**	2 577
Interest payable and similar charges	**(2,522)**	(2 583)
Net finance income/ (cost)	**76**	(6)
Profit on ordinary activities before taxation	**904**	2,803
Reconciliation of above profit on ordinary activities before taxation to primary statement		
Profit on ordinary activities before taxation per above	**904**	2,803
Depreciation charge *	**-**	267
Profit on ordinary activities before taxation per profit and loss page 7	**904**	3 070

* This reflects the depreciation charge that would have applied if the property portfolio had been included as tangible fixed assets as opposed to investment properties under the CEM operating agreement This is no longer applicable for the year ended 4 January 2011 as depreciation has been charged in the operating profit

2 Operating Agreement (continued)

If the operating agreement with CEM had not been in place during the comparative financial year the consolidated balance sheet at 2 January 2010 and 4 January 2011 would remain unchanged and there would be no change in equity shareholders funds with the exception of an equal and opposite charge in revaluation reserve and profit and loss reserve as follows

	4 January 2011 £'000	2 January 2010 £'000
Capital and reserves		
Called up share capital	818	818
Share premium	3,802	3 802
Revaluation reserve	52,783	55 972
Profit and loss account	28,288	26 591
Equity shareholder's funds	85,691	87,183

3 Exceptional items

	4 January 2011 £'000	2 January 2010 £'000
Restructuring costs	2	-

4 Employee costs

	Year ended 4 January 2011 Number	Year ended 2 January 2010 Number
Operational	194	213
Management and administration	56	61
	250	274

Their payroll costs comprised

	£'000	£'000
Wages and salaries	3,448	3 619
Social security costs	257	282
Other pension costs	17	14
	3,722	3,915

5 Directors' emoluments

The directors of the company are also directors of the holding company and fellow subsidiaries The directors received total remuneration for the year of £1,192 000 (2 January 2010 £900,000), all of which was paid by Roadchef Motorways Limited a fellow subsidiary The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies

6 Net finance income/ (cost)

	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £'000
Interest receivable		
On loans to another group company	**2,598**	2 577
Interest payable and similar charges		
On loans from another group company	**(2,504)**	(2,562)
Finance costs of loans from another group company	**(18)**	(21)
	(2,522)	(2,583)
Net finance income/ (cost)	**76**	(6)

7 Operating profit

	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £'000
Operating profit is stated after charging/ (crediting)		
Depreciation of tangible fixed assets		
- owned assets	**823**	201
- leased assets	**2,203**	552
Amortisation of deferred income	**(43)**	(56)
Rental income from forecourts transferred to BP	**-**	(56)
Operating lease rentals		
- plant and machinery	**27**	80

The Company's audit fee of £5,000 (2 January 2010 £5 000) was borne by MSA Acquisitions Co Limited, the ultimate parent company in the United Kingdom

8 Taxation

	Year ended 4 January 2011 £'000	Year ended 2 January 2010 £'000
Corporation tax		
Group relief payable	**1,098**	1 205
Adjustments in respect of prior years	-	(11)
Current tax charge	**1,098**	1,194

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 28% (2 January 2010 28%) The material differences are reconciled below

Profit on ordinary activities before taxation	**904**	3 070
Profit on ordinary activities before taxation multiplied by the UK tax rate of 28% (2 January 2010 28%)	**253**	860
Depreciation in excess of capital allowances	**218**	48
Expenses not deductible for tax purposes	**638**	156
BP lease income taxed on receipt	-	163
Other timing differences	**(11)**	(22)
Adjustments in relation to prior year	-	(11)
Current tax charge	**1,098**	1 194

The Company has claimed group relief relating to the current and prior year from other group companies for £1 098 000 (2 January 2010 £1 194 000) consideration

Factors that may affect future tax charges

At the balance sheet date the tax rate of 27% had been substantially enacted and this has been reflected in the closing deferred tax calculations A further reduction to 26% from 1 April 2011 was substantively enacted on 29 March 2011, and further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The directors do not expect the reduction in rate to have a material effect on the Company's future tax charges

The full effect of the proposed future tax rate reduction has not been fully ascertained, however, if the reductions are substantially enacted as expected the proposed changes will lead to a reduction in unprovided deferred tax assets and liabilities From the information available at the balance sheet date it is anticipated that the unprovided deferred tax asset of £1,929,000 on accelerated capital allowances other timing differences would reduce to £1,643,000 and the unprovided deferred tax liability of £10,891,000 on property revaluations would reduce to £9 278 000

	4 January 2011		2 January 2010	
Deferred taxation	**Amount provided £'000**	**Potential £'000**	Amount provided £'000	Potential £'000
Accelerated capital allowances	-	**(1,686)**	-	(1,533)
Property revaluations	-	**10,891**	-	12,763
Other timing differences	-	**(243)**	-	(264)
	-	**8,962**	-	10,966

	£'000
At 2 January 2010 potential deferred tax liability	10,966
Movement in unprovided deferred tax	(2,004)
At 4 January 2011 potential deferred tax liability	**8,962**

9 Tangible fixed assets

	Short leasehold land and buildings £'000	Other £'000	Total £'000
Cost or valuation			
At 3 January 2010	67 293	3 232	70 525
Additions	-	296	296
Revaluation adjustment	(3 004)	-	(3 004)
At 4 January 2011	**64,289**	**3,528**	**67,817**
Depreciation			
At 3 January 2010	124	201	325
Charge for year	2 203	823	3 026
Revaluation adjustment	(1,706)	-	(1 706)
At 4 January 2011	**621**	**1,024**	**1,645**
Net book value			
At 4 January 2011	**63,668**	**2,504**	**66,172**
At 2 January 2010	67,169	3 031	70 200

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

The short leasehold land and buildings were professionally valued by external valuers DTZ Debenham Tie Leung, as at 31 December 2010, on an open market for existing use basis, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual

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

	4 January 2011 £'000	2 January 2010 £'000
Cost	**11,257**	11 257
Depreciation	**(3,180)**	(2 868)
Net book value	**8,077**	8 389

At 4 January 2011, the Company had unprovided capital commitments of £nil (2 January 2010 £nil)

10 Stocks

	4 January 2011 £'000	2 January 2010 £'000
Raw materials and consumables	**375**	40
Goods for resale	**186**	171
	561	211

The replacement value of stock is not materially different than cost

11 Debtors

	4 January 2011 £'000	2 January 2010 £'000
Amounts falling due within one year		
Amounts owed by group companies	**56,064**	63,098
Prepayments and accrued income	**384**	235
	56,448	63,333
Amounts falling due after more than one year		
Amount owed by group company	**59,218**	56 620
	115,666	119 953

12 Creditors amounts falling due within one year

	4 January 2011 £'000	2 January 2010 £'000
Amounts owed to group companies	**64,728**	70 432
Other taxes and social security	**12**	40
Other creditors	**3**	-
Accruals	**347**	178
	65,090	70,650

13 Creditors amounts falling due after more than one year

	4 January 2011 £'000	2 January 2010 £ 000
Amounts owed to group companies	**30,853**	32,076
	30,853	32,076

The amounts owed to group companies are secured over the assets of the Company and bear interest at varying interest rates between 7 418% and 8 015% There is no fixed repayment schedule

14 Deferred income

	4 January 2011 £'000	2 January 2010 £'000
At 3 January 2010	**944**	-
Additions	**70**	1,000
Credited to profit and loss account	**(43)**	(56)
At 4 January 2011	**971**	944

15 Share capital

	4 January 2011 £'000	2 January 2010 £'000
Authorised		
874,643 ordinary shares of £1 each	**875**	875
Allotted, called up and fully paid		
818,643 ordinary shares of £1 each	**818**	818

16 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 3 January 2010	3 802	57 127	25 436	**86,365**
Profit for the financial year	-	-	(194)	**(194)**
Revaluation of fixed assets	-	(1,298)	-	**(1,298)**
Reserve transfer	-	(1,891)	1 891	-
At 4 January 2011	3,802	53,938	27,133	84,873

17 Reconciliation of movement in shareholders' funds

	4 January 2011 £'000	2 January 2010 £'000
At 3 January 2010	**87,183**	85,550
(Loss)/ profit for the financial year	**(194)**	1,876
Revaluation of fixed assets	**(1,298)**	(243)
At 4 January 2011	85,691	87,183

18 Pension schemes

The Company participates in the RoadChef Motorway Holdings Limited Group pension scheme which is defined benefit in nature The scheme assets are held separately from the Group s assets

The Company is unable to separately identify its share of the underlying assets and liabilities of the scheme on either a consistent or reasonable basis As a consequence of this, the Company accounts for its pension obligations as if the scheme was defined contribution in nature The overall pension funding deficit and its implications are shown in the financial statements of RoadChef Motorway Holdings Limited Contributions to the scheme are paid by Roadchef Motorways Limited

The valuation of the scheme showed a deficit as at 4 January 2011 of £3 5m (2 January 2010 deficit £4 4m)

19 Financial commitments

The Company had annual commitments in respect of plant and machinery under non-cancellable operating leases as follows

	4 January 2011 £'000	2 January 2010 £'000
Expiry date		
Within one year	**3**	-

The short leasehold land and buildings are charged a peppercorn rent and the leases expire after more than five years

20 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of certain fellow subsidiary companies The aggregate amount outstanding as at 4 January 2011 was £5,950,000 (2 January 2010 £4,300,000)

There are fixed and floating charges over the assets of the Company to secure loan notes issued by a fellow subsidiary company amounting to £164,326,000 (2 January 2010 £169,852 000)

The board of Takeabreak Motorway Services Limited ("TAB") were made aware that on 3 December 2009, the Israeli Securities Authority (ISA) commenced an open investigation into matters relating to reports made public in Israel by Delek Real Estate Limited (DRE), TAB's controlling shareholder

TAB has been notified that the ISA investigation includes among other matters the management agreement with County Estates Management Limited ("CEM")

21 Control

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 Acquisitions Co 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, CF14 3UZ

As at 4 January 2011 Delek Real Estate Limited was considered to be the ultimate parent undertaking On 19 January 2011 the largest parent company in the United Kingdom (MSA Acquisitions Co Limited) became a wholly owned subsidiary of Delek Petroleum Limited, a subsidiary of the Delek Group Limited Yitzhak Tshuva has a controlling shareholding in Delek Petroleum Limited

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