REGISTERED NUMBER 2941640

Takeabreak Motorway Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 3 JANUARY 2012

Takeabreak Motorway Services Limited

COMPANY INFORMATION

DIRECTORS	S Turl I McKay R Tindale L Dafna
SECRETARY	M Hedditch
REGISTERED OFFICE	RoadChef House Norton Canes MSA Betty's Lane Norton Canes Cannock Staffordshire WS11 9UX
AUDITORS	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ
BANKERS	Barclays Bank Plc 1 Churchill Place London E14 5HP

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DIRECTORS' REPORT
FOR THE YEAR ENDED 3 JANUARY 2012

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 3 January 2012 The comparative period was the year ended 4 January 2011

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 3 January 2012 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 £698 000 (4 January 2011 £828 000) and a pre-tax loss of £1,756,000 (4 January 2011 pre-tax profit of £904 000) The Board are satisfied with the results for the year

BP agreement
During 2009 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 Roadchef Group includes all companies owned directly and indirectly by Roadchef Limited

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% (2010 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 a 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 and
- competitively price within the motorway service industry

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

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 year on year During 2011 the Roadchef Group continued with it's £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 The Roadchef Group has continued to develop the Days Inn hotels on all sites, including Strensham northbound following its conversion from Premier Inns in 2010

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 UK 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 consider it to be a potential 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 Management is aware of a proposed development of motorway service areas serving northbound and southbound carriageways of the M5 between junctions 11A and 12, and are confident that the Group s strategies are robust enough to withstand this added competition

The Board monitors progress on the overall Company strategy and the individual strategic elements by reference to the following KPIs

	2011	2010	Definition, method of calculation and analysis
Growth in amenity building sales (%)	3 3%	(2 4)%	Year-on-year sales growth expressed as a percentage Amenity building sales like-for-like showed an increase of 3 3% The final quarter trading of 2010 was impacted significantly by snow which was avoided in 2011
Gross margin in the amenity building (%)	61 7%	62 2%	The amenity building gross margin is the ratio of operating profit before wages and overheads to sales expressed as a percentage The gross margin reduction is due to a reduction in spend per transaction
Amenity building transactions (m)	3 3	3 1	This is the actual number of transactions recorded in the main building in both the retail and catering outlets The visits this period have increased compared to the previous year as the snow at the beginning and at the end of 2010 adversely effected visitor numbers
Spend per transaction (£)	£4 30	£4 38	This is the sales in the amenity building (excluding hotel offerings and other income) divided by the number of transactions The Group closely monitors this at an outlet level where the labour content of each transaction can vary significantly The spend per transaction has decreased during the year reflecting the switch to McDonalds, which gives increased sales but a lower spend per transaction due to high street pricing

Charitable and political contributions
During the year the Company made charitable and political donations of £nil (4 January 2011 £nil)

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

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 6 The directors do not recommend the payment of a dividend (4 January 2011 £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 were renewed during February 2012

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 since 4 January 2011 are given below

S Turl
I McKay
S Lee (resigned 31 July 2011)
R Tindale
L Dafna (appointed 1 February 2012)

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 above 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

Auditors
In accordance with section 485 of the Companies Act 2006 a resolution proposing that Ernst & Young LLP be reappointed auditors of the Company will be put to the Annual General Meeting

On behalf of the Board

L Dafna
Director

Date 28 June 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 3 JANUARY 2012

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

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 3 January 2012 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 20 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 Directors' Responsibilities Statement set out on page 4, 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 3 January 2012 and of its 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

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

28/6/2012

Takeabreak Motorway Services Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 JANUARY 2012

	Note	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £'000
Turnover		**28,167**	27 855
Cost of sales		**(17,149)**	(16 807)
Gross profit		**11,018**	11,048
Administrative expenses			
Before exceptional items		**(10,141)**	(10,218)
Exceptional items	2	**(179)**	(2)
		(10,320)	(10 220)
Operating profit	6	**698**	828
Interest receivable and similar income		**-**	2,598
Interest payable and similar charges		**(2,454)**	(2 522)
Net finance (cost)/ income	5	**(2,454)**	76
(Loss)/ profit on ordinary activities before taxation		**(1,756)**	904
Taxation	7	**(340)**	(1 098)
Loss for the financial year	15	**(2,096)**	(194)

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 3 JANUARY 2012

	Note	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £'000
Loss for the financial year	15	**(2,096)**	(194)
Unrealised deficit on revaluation of land and buildings	8	**(56)**	(1,298)
Total recognised gains/ (losses) for the year		**(2,152)**	(1 492)

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 3 JANUARY 2012

	Note	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £'000
Reported (loss)/ profit on ordinary activities before taxation		**(1,756)**	904
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	15	**1,850**	1 891
Historical cost profit on ordinary activities before taxation		**94**	2 795
Historical cost (loss)/ profit on ordinary activities after taxation		**(246)**	1 697

Takeabreak Motorway Services Limited

BALANCE SHEET
AS AT 3 JANUARY 2012

	Note	3 January 2012 £'000	4 January 2011 £'000
Fixed assets			
Tangible fixed assets	8	**64,500**	66 172
Current assets			
Stocks	9	**918**	561
Debtors amounts falling due after more than one year	10	**59,218**	59 218
Debtors amounts falling due within one year	10	**54,584**	56 448
Cash at bank and in hand		**329**	206
		115,049	116 433
Creditors amounts falling due within one year	11	**(65,553)**	(65,090)
Net current assets		**49,496**	51 343
Total assets less current liabilities		**113,996**	117 515
Creditors amounts falling due after more than one year	12	**(29,539)**	(30,853)
Deferred income	13	**(918)**	(971)
Net assets		**83,539**	85 691
Capital and reserves			
Called up share capital	14	**818**	818
Share premium account	15	**3,802**	3 802
Revaluation reserve	15	**52,032**	53 938
Profit and loss account	15	**26,887**	27,133
Equity shareholder's funds	16	**83,539**	85 691

The financial statements were approved by the Board and authorised for issue on 28 June 2012

L Dafna
Director

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards (UK GAAP) which have been consistently applied The principal accounting policies are set out below

Going concern

Included within the Company's net current assets at 3 January 2012 of £49,496,000 (4 January 2011 £51,343 000) are debtors of £59,218,000 (4 January 2011 £59 218,000) due after more than one year from other Group companies Consequently the Company after excluding these amounts, has net current liabilities of £9,722 000 (4 January 2011 £7 875 000) 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 consolidated accounts which include the company

Turnover

Turnover consists of the amounts receivable from customers in the UK from the Company s continuing activity excluding 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

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

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

1 Accounting policies (continued)

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 Cost is based on the cost of purchase on a first in, first out basis There is no inclusion of overheads in stocks

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax with the following exceptions

• Provision is made for tax on gains arising from the revaluation of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date there is a binding agreement to dispose of the assets concerned However no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement asset is sold

• Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

Pension costs
The amount charged to the profit and loss account in respect of personal money purchase pension schemes is the contributions payable in the period Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

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 in the profit and loss account on a straight line basis over each lease term

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives The capital element of future obligations under finance leases are included as liabilities in the balance sheet The interest element of the rental obligations are charged in the profit and loss account over the period of the lease

Related party transactions
The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from the requirement to disclose transactions between wholly owned Group companies on the grounds that consolidated financial statements are prepared by the ultimate parent Company at 3 January 2012, Delek Group Limited

2 Exceptional items

	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £ 000
Restructuring costs	-	2
Pre-opening expenses	179	-
	179	2

Pre-opening expenses relate to costs associated with McDonald's openings

The restructuring costs in the year ended 4 January 2011 relates to redundancy costs of employees incurred following a Group reorganisation and early exit franchise penalties

3 Employee costs

	Year ended 3 January 2012 Number	Year ended 4 January 2011 Number
Operational	211	194
Management and administration	53	56
	264	250

Their payroll costs comprised

	£'000	£'000
Wages and salaries	3,233	3,448
Social security costs	240	257
Other pension costs	17	17
	3,490	3 722

4 Directors' remuneration

	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £ 000
Aggregate remuneration is respect of qualifying services	68	86
Aggregate of company contributions paid in respect of money purchase schemes	9	14
Number of directors accruing benefits under money purchase schemes	4	5

There were no directors (4 January 2011 none) who were members of a defined benefit pension scheme

5 Net finance (cost)/ income

	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £ 000
Interest receivable		
On loans to another group company	-	2 598
Interest payable and similar charges		
On loans from another group company	(2,398)	(2 504)
Finance costs of loans from another group company	(56)	(18)
	(2,454)	(2 522)
Net finance income/ (cost)	(2,454)	76

6 Operating profit

	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £ 000
Operating profit is stated after charging/ (crediting) ·		
Depreciation of tangible fixed assets		
- owned assets	967	823
- leased assets	2,162	2 203
Amortisation of deferred income	(53)	(43)
Operating lease rentals		
- plant and machinery	37	27
Auditors remuneration - audit of the financial statements	5	5

The Company's audit fee of £5 000 (4 January 2011 £5 000) was borne by Roadchef Motorways Limited, a fellow group company in the United Kingdom

7 Taxation

	Year ended 3 January 2012 £'000	Year ended 4 January 2011 £000
Corporation tax		
Group relief payable	**351**	1 098
Adjustments in respect of prior years	**(11)**	-
Current tax charge	**340**	1 098

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 26 5% (4 January 2011 28%) The material differences are reconciled below

(Loss)/ profit on ordinary activities before taxation	**(1,756)**	904
(Loss)/ profit on ordinary activities before taxation multiplied by the UK tax rate of 26 5% (4 January 2011 28%)	**(465)**	253
Depreciation in excess of capital allowances	**249**	218
Expenses not deductible for tax purposes	**578**	638
Other timing differences	**(11)**	(11)
Adjustments in relation to prior year	**(11)**	-
Current tax charge	**340**	1,098

The Company has claimed group relief relating to the current and prior year from other group companies for £340 000 (4 January 2011 £1,098,000) consideration

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the 2011 and 2012 Budget Statements At the Balance Sheet date a rate of 25% (effective from 1 April 2012) had been substantively enacted and this has therefore been reflected in the closing deferred tax calculations A further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012, and further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% 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 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 £2,012,000 on accelerated capital allowances other timing differences would reduce to £1,771 000 and the unprovided deferred tax liability of £9 823 000 on property revaluations would reduce to £8,644 000, if the deferred tax balance all reversed at 22%

	3 January 2012		4 January 2011	
Deferred taxation	**Amount provided £'000**	**Not provided £'000**	Amount provided £'000	Not provided £'000
Accelerated capital allowances	-	**(1,798)**	-	(1 686)
Property revaluations	-	**9,823**	-	10 891
Other timing differences	-	**(214)**	-	(243)
	-	**7,811**	-	8 962

	£'000
At 4 January 2011 potential deferred tax liability	8 962
Movement in unprovided deferred tax	(1 151)
At 3 January 2012 potential deferred tax liability	7,811

8 Tangible fixed assets

	Short leasehold land and buildings £'000	Other £'000	Total £'000
Cost or valuation			
At 5 January 2011	64 289	3,528	67 817
Additions	-	1,513	1,513
Disposals	-	(178)	(178)
Revaluation adjustment	(2 839)	-	(2 839)
At 3 January 2012	**61,450**	**4,863**	**66,313**
Depreciation			
At 5 January 2011	621	1 024	1 645
Charge for year	2 162	967	3 129
Disposals	-	(178)	(178)
Revaluation adjustment	(2 783)	-	(2 783)
At 3 January 2012	**-**	**1,813**	**1,813**
Net book value			
At 3 January 2012	**61,450**	**3,050**	**64,500**
At 4 January 2011	63 668	2 504	66 172

Fixtures fittings and equipment includes assets with a cost of £400,000 (4 January 2011 £nil) and accumulated depreciation of £44 000 (4 January 2011 £nil) subject to finance leases The finance lease under which these amounts are leased is held in Roadchef Motorways Limited

During 2009 an agreement was entered into with BP to lease some of the forecourts that are included within the total value of fixed assets It is not possible to separately identify the exact value of these forecourts as they are not valued on a stand alone basis

The short leasehold land and buildings were professionally valued by external valuers DTZ Debenham Tie Leung, as at 31 December 2011 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

	3 January 2012 £'000	4 January 2011 £'000
Cost	**11,257**	11,257
Depreciation	**(3,492)**	(3 180)
Net book value	**7,765**	8 077

9 Stocks

	3 January 2012 £'000	4 January 2011 £'000
Raw materials and consumables	**759**	375
Goods for resale	**159**	186
	918	561

The replacement value of stock is not materially different than cost

10 Debtors

	3 January 2012 £'000	4 January 2011 £'000
Amounts falling due within one year		
Amounts owed by group companies	54,565	56,064
Prepayments and accrued income	19	384
	54,584	56 448
Amounts falling due after more than one year		
Amount owed by group company	59,218	59 218
	113,802	115 666

11 Creditors amounts falling due within one year

	3 January 2012 £'000	4 January 2011 £ 000
Amounts owed to group companies	65,068	64 728
Other taxes and social security	8	12
Other creditors	2	3
Accruals	475	347
	65,553	65,090

Amounts owed to group companies includes £400,000 (4 January 2011 £nil) of funding for fixtures and fittings where the finance lease is held in a fellow subsidiary

12 Creditors amounts falling due after more than one year

	3 January 2012 £'000	4 January 2011 £'000
Amounts owed to group companies	29,539	30,853
	29,539	30 853

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

13 Deferred income

	3 January 2012 £'000	4 January 2011 £'000
At 5 January 2011	971	944
Additions	-	70
Credited to profit and loss account	(53)	(43)
At 3 January 2012	918	971

14 Share capital

	3 January 2012 £'000	4 January 2011 £'000
Allotted, called up and fully paid		
818 643 ordinary shares of £1 each	**818**	818

15 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 5 January 2011	3 802	53,938	27 133	**84,873**
Loss for the financial year	-	-	(2 096)	**(2,096)**
Revaluation of fixed assets	-	(56)	-	**(56)**
Reserve transfer	-	(1,850)	1 850	-
At 3 January 2012	3,802	52,032	26,887	82,721

16 Reconciliation of movement in shareholders' funds

	3 January 2012 £'000	4 January 2011 £'000
At 5 January 2011	**85,691**	87,183
Loss for the financial year	**(2,096)**	(194)
Revaluation of fixed assets	**(56)**	(1,298)
At 3 January 2012	**83,539**	85 691

17 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 3 January 2012 of £2 0m (4 January 2011 deficit £3 5m)

The Company also operates a defined contribution scheme The assets of these schemes are held separately from those of the Company in independently administered funds The pension charge for the year for these schemes amounted to £17 000 (4 January 2011 £17,000) An amount of £nil (4 January 2011 £nil) is owed to the pension schemes at the period end

18 Financial commitments

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

	3 January 2012 £'000	4 January 2011 £000
Expiry date		
Within one year	7	3

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

19 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of certain fellow subsidiary companies The aggregate amount outstanding as at 3 January 2012 was £11,235,000 (4 January 2011 £5 950 000)

There are fixed and floating charges over the assets of the Company to secure loan notes issued by a fellow subsidiary company amounting to £158,393 000 (4 January 2011 £164 326,000)

As disclosed in prior years financial statements the business of the Company's ultimate parent undertaking in the United Kingdom, MSA Acquisitions Co Limited was operated under an operating agreement with County Estate Management Services Limited (CEM) between 2008 and the date of the early termination of that agreement in April 2010 The main effect of the agreement on the financial statements was the presentation of the property portfolio as investment properties as opposed to tangible fixed assets and the profit and loss account being shown on a net basis with Takeabreak Motorway Services Limited turnover representing the fixed revenue stream under the contract MSA Acquisitions Co Limited has to date not been successful in recovering amounts due under the contract from CEM and has provided in full for those amounts This issue led the directors to consider the presentation of the agreement in the relevant financial statements

Even if the CEM contract had not been in place the financial statements for the year ended 3 January 2012, including the comparative numbers would only be impacted by an equal and opposite change in the revaluation reserve and profit and loss reserve there would be no change in equity shareholder's funds and the directors consider that this difference is immaterial to the current year financial statements The impact on prior year financial statements has been disclosed in those documents

In addition the board of MSA were made aware that on 3 December 2009, the Israeli Security Authority ('ISA) commenced an open investigation into matters relating to reports made public in Israel by Delek Real Estate Limited (DRE') MSA's controlling shareholder at that time MSA has been notified that the ISA investigation includes among other matters the management agreement between MSA and CEM that the group operated under between 2008 and April 2010 The Directors have been informed that there is at present no direct investigation into the conduct of MSA and therefore at present the directors do not believe that this investigation will have any direct impact on the company and its activities, however there can be no certainty in this issue until the matter is resolved

20 Control

The immediate parent company is Roadchef Motorways Holdings Limited a company registered in England and Wales Copies of these financial statements can be obtained from Companies House, Crown Way Maindy Cardiff CF14 3UZ

As at 3 January 2012 Delek Group Limited was considered to be the ultimate parent undertaking Yitzhak Tshuva has a controlling shareholding in Delek Group Limited

The largest group for which group results are drawn up is that headed by Delek Group Limited and the smallest is that headed by Roadchef Motorways Holdings Limited

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