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ROADCHEF LIMITED

REPORT AND ACCOUNTS

52 WEEKS ENDED 3RD JUNE 1990

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ROADCHEF LIMITED

## OFFICERS AND ADVISERS

Directors	T Ingram Hill, F.H.C.I.M.A. - Chairman & Managing A L Cooper, M.B.I.A.T. M J Edgington, F.C.C.A. D A White, F.H.C.I.M.A.
Secretary	C M J Szymanska, A.C.A.
Registered Office	Imperial Chambers 41/47 Longsmith Street Gloucester GL1 2HJ
Auditors	Edmund Gibbs & Co. 46 St Giles' Oxford OX1 3LT
Bankers	Barclays Bank PLC 1 Pall Mall East London SW1Y 5AX
Solicitors	Crawfords Berwald 21 Bentinck Street London W1M 5RL  McGrigor Donald Pacific House 70 Wellington Street Glasgow G2 6SB
Valuers	Dron & Wright Chartered Surveyors St George's House 12a St George Street London W1R 9DE

ROADCHEF LIMITEDDIRECTORS' REPORT

The Directors present their report, together with the audited accounts of the Company for the 52 weeks ended 3rd June 1990.

**Principal Activities**

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

**Results and Dividends**

A summary of the results of the trading is given on Page 5. The Directors do not recommend the payment of a dividend.

**Business Review**

The Directors are pleased to report that, despite an increase in interest payable of £537,403, the Company's profits before tax increased by 9% to £2,032,725.

During the period under review, the Company opened its first Lodges at Hamilton and Taunton Deane. In addition the Company continued its shop refurbishment programme by extending the facilities at Taunton Deane North and Rownhams North.

The Company in the coming year will complete the restaurant and shop extensions at Hamilton and new forecourt facilities at both Hamilton and Bothwell. In addition the successful launch of the Roadchef Lodge will be extended by the new Lodge now opened at Rownhams, with further facilities planned for commencement in early 1991.

The worsening economic climate in the U.K. will make it more difficult for the Company to maintain its upward trend in profit before tax.

**Directors and Directors' Interests**

The following Directors served during the period under review:

A L Cooper  
M J Edgington  
T Ingram Hill  
D A White

The Directors, with the exception of Mr D A White and Mr A L Cooper, are also Directors of the ultimate holding Company and their group share interests are disclosed in the accounts of that Company. At 3rd June 1990 Mr D A White held 44,250 (1989 : 1500) ordinary shares in the ultimate holding Company and Mr A L Cooper held 70,500 (1989 : 70,500) ordinary shares.

In accordance with the Articles of Association, Mr M J Edgington retires from the Board by rotation and, being eligible, offers himself for re-election.

**ROADCHEF LIMITED****DIRECTORS' REPORT (Continued)****Fixed Assets**

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

**Employee Involvement**

The Company pursues an active policy to encourage all members of staff to participate in the effective running and development of the business.

The six monthly newsletter forms a key part of the Company's communications programme. This publication is, where possible, presented personally by senior management to all staff. This, together with the corporate brochure, bulletins and ESOP publications, ensures the Company's aims and philosophy are effectively communicated to all staff.

The Company places considerable emphasis on training, organising regular internal and external courses, in addition to a structural training programme for all staff. The Company has also introduced an additional incentive training scheme known as the "5 Star Award" to ensure a continuing programme of skills improvement.

**Disabled Persons**

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

**Charitable and Political Donations**

The Company made charitable donations of £2,025 (1989 : £5,075). There were no political payments.

**Auditors**

A resolution to re-appoint Edmund Gibbs & Co. as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



Chantal M J Szymanska  
Secretary

14th September 1990

ROADCHEF LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF ROADCHEF LIMITED

We have audited the accounts on Pages 5 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the Company at 3rd June 1990 and of the profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Edmund Gibbs & Co.*

EDMUND GIBBS & CO  
Certified Accountants

46 St Giles'  
Oxford  
OX1 3LT

14th September 1990

ROADCHEF LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 3RD JUNE 1990

	Notes		52 Weeks Ended 4th June 1989
Turnover	2	63,813,618	54,862,389
Cost of Sales		<u>(48,595,127)</u>	<u>(41,866,707)</u>
Gross Profit		15,218,491	12,995,682
Administrative Expenses		(11,940,824)	(10,433,421)
Capital grants	3	43,834	44,392
Interest receivable		30,137	34,675
Interest payable	4	<u>(1,318,913)</u>	<u>(781,510)</u>
Profit on ordinary activities before taxation	5	2,032,725	1,859,818
Taxation	6	<u>(497,776)</u>	<u>(585,826)</u>
Profit on ordinary activities after taxation		<u>£1,534,949</u>	<u>£1,273,992</u>

ROADCHEF LIMITED

## BALANCE SHEET AT 3RD JUNE 1990

4th June 1989

	Notes		
<b>Fixed Assets</b>			
Tangible Assets	7	37,851,431	35,819,034
Investments	8	<u>700</u>	<u>700</u>
		37,852,131	35,819,734
<b>Current Assets</b>			
Stock	9	1,602,264	1,503,425
Debtors	10	4,102,661	2,383,815
Cash at bank and in hand		<u>37,130</u>	<u>541,197</u>
		5,742,055	4,428,437
<b>Creditors - Amounts falling due within one year</b>	11	<u>9,490,989</u>	<u>10,641,793</u>
<b>Net Current Liabilities</b>		<u>3,748,934</u>	<u>6,213,356</u>
<b>Total Assets Less Current Liabilities</b>		<u>£34,103,197</u>	<u>£29,606,378</u>
<b>Creditors - Amounts falling due after more than one year</b>	12	9,079,827	6,003,123
<b>Provisions for Liabilities and Charges</b>	13	293,000	364,000
<b>Deferred Income</b>	14	198,587	242,421
<b>Capital and Reserves</b>			
Called up share capital	15	1,045,000	1,045,000
Share premium account	16	16,667	16,667
Revaluation reserve	16	19,153,000	19,153,000
Profit and Loss account	16	<u>4,317,116</u>	<u>2,782,167</u>
		<u>24,531,783</u>	<u>22,996,834</u>
		<u>£34,103,197</u>	<u>£29,606,378</u>

Approved by the Board on 14th September 1990

T Ingram Hill )

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Directors

M J Edgington )

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ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 1. Accounting Policies

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

(a) Basis of Accounting

The accounts have been prepared under alternative accounting rules set out in the fourth Schedule to the Companies Act 1985, being prepared under the historical cost convention adjusted by the revaluation of certain leasehold and freehold properties.

(b) Fixed Assets

Excluding freehold land and buildings on which no depreciation is charged, depreciation is provided to write off the cost or revaluation of the fixed assets over their expected useful lives at the following rates:-

Leasehold Property	-	Unexpired period of the lease
Fixtures and Fittings	-	4% - 20% per annum
Motor Vehicles	-	25% per annum

All depreciation is calculated on a straight line basis except for leasehold property which is calculated in accordance with actuarial tables which write off the lease at an increasing level each year over its remaining term.

(c) Stock

Stock is consistently valued at the lower of cost and net realisable value. The cost of goods for resale other than fuel is computed by deducting the gross profit margin from the selling value of stock.

(d) Deferred Taxation

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

(e) Pension Scheme

The Company Pension Scheme is a defined benefit scheme which is administered by Scottish Widows Fund and Life Assurance Limited. The charge in the Financial Accounts is the total contributions due in accordance with the actuarial valuations. Independent actuarial valuations on a going concern basis are carried out every three years. The information required by the Statement of Standard Accounting Practice Number 24 is given in Note 21 to the Accounts.

## 2. Turnover

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



ROADCHEF LIMITEDNOTES TO THE ACCOUNTS**3. Capital Grants**

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

**4. Interest Payable**

	<u>1990</u>	<u>1989</u>
Overdraft	200,823	210,444
Bank Loans repayable within 5 years	320,470	242,380
Bank Loans repayable after 5 years	765,050	328,686
Other	32,570	-
	<u>£1,318,913</u>	<u>£781,510</u>

**5. Profit on Ordinary Activities**

This is stated after charging the following:

	<u>1990</u>	<u>1989</u>
	£	£
Depreciation	1,058,729	847,251
Loss on Sale of Fixed Assets	22,107	8,820
Auditors Remuneration	19,000	16,750
Directors Remuneration	217,623	187,780
Payments to Former Director	-	84,700
Management Fees	295,000	290,000
Contributions to Employee Share Ownership Plan	<u>118,179</u>	<u>1,500</u>

**6. Taxation**

The charge on the profit for the period consists of:

	<u>1990</u>	<u>1989</u>
Corporation Tax at 35% (1989: 35%)	573,000	432,000
Deferred Taxation	(71,000)	147,000
Prior Year Adjustments	(4,224)	6,826
	<u>£497,776</u>	<u>£585,826</u>

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 7. Fixed Assets

	<u>Freehold Land and Buildings</u>	<u>Leasehold Land and Buildings</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost or Valuation</u>					
At 4th June 1989	2,284,430	29,755,161	6,843,781	360,461	39,243,833
Adjustments	(3,730)	(31,089)	(7,030)	-	(41,849)
Disposals	-	-	(16,800)	(106,630)	(123,430)
Group Transfers In	-	-	1,295	5,995	7,290
Group Transfers Out	-	-	-	(11,980)	(11,980)
Additions	70,456	1,665,887	1,281,918	168,586	3,186,847
At 3rd June 1990	<u>2,351,156</u>	<u>31,389,959</u>	<u>8,103,164</u>	<u>416,432</u>	<u>42,260,711</u>
<u>Depreciation</u>					
At 4th June 1989	-	262,880	3,041,866	120,053	3,424,799
Disposals	-	-	(8,400)	(62,423)	(70,823)
Group Transfers In	-	-	438	922	1,360
Group Transfers Out	-	-	-	(4,785)	(4,785)
Charge for period	-	161,988	791,625	105,116	1,058,729
At 3rd June 1990	<u>-</u>	<u>424,868</u>	<u>3,825,529</u>	<u>158,883</u>	<u>4,409,280</u>
<u>Net Book Values</u>					
At 3rd June 1990	<u>2,351,156</u>	<u>30,965,091</u>	<u>4,277,635</u>	<u>257,549</u>	<u>£37,851,431</u>
At 4th June 1989	<u>2,284,430</u>	<u>29,492,281</u>	<u>3,801,915</u>	<u>240,408</u>	<u>£35,819,034</u>

Freehold and leasehold property included at valuation comprises:

Cost	1,091,156	15,079,959
Revaluation 84-86	1,127,000	8,712,000
Revaluation 1989	133,000	7,598,000
	<u>£2,351,156</u>	<u>£31,389,959</u>

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 8. Investments

The Company's subsidiaries which are all wholly owned and non-trading are listed below. All Companies are incorporated in England, and the shareholdings are in ordinary shares.

Roadchef (Hamilton) Limited  
 Roadchef (Harthill) Limited  
 Roadchef (Killington) Limited  
 Roadchef (Pont Abraham) Limited  
 Roadchef (Rownhams) Limited  
 Roadchef (Sandbach) Limited  
 Roadchef (Taunton) Limited

In the opinion of the Directors, the value of the Company's interest in its subsidiaries is not less than the original cost as stated in the Balance Sheet.

## 9. Stock

	<u>1990</u>	<u>1989</u>
Raw materials and consumables	246,135	167,411
Goods for Resale	<u>1,356,129</u>	<u>1,336,014</u>
	<u>£1,602,264</u>	<u>£1,503,425</u>

## 10. Debtors

	<u>1990</u>	<u>1989</u>
Owed by ultimate holding Company	194,129	223,723
Owed by fellow subsidiaries	2,688,752	906,618
Trade Debtors	926,181	912,219
Other Debtors	82,980	64,923
Prepayments	<u>210,619</u>	<u>276,332</u>
	<u>£4,102,661</u>	<u>£2,383,815</u>

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 11. Creditors

Amounts falling due within one year

	<u>1990</u>	<u>1989</u>
Amounts owed to subsidiaries	700	700
Trade Creditors (secured)	1,316,079	1,173,932
Trade Creditors (unsecured)	3,030,863	2,532,343
Other Creditors	1,203,266	1,483,642
Taxes and Social Security	579,112	625,179
Accruals	601,012	750,377
Bank Overdraft	605,828	-
Proportion of Long Term Loans	1,450,092	1,050,982
Hire Purchase Accounts	131,037	142,812
Corporation Tax	573,000	631,826
Bills of Exchange Payable (secured)	-	1,750,000
Bills of Exchange Payable (unsecured)	-	500,000
	<u>£9,490,989</u>	<u>£10,641,793</u>

The bank overdraft is secured by inter-company cross guarantees given by Roadchef Holdings Limited and its other subsidiary Companies and by a fixed and floating charge on the assets of the Company.

## 12. Creditors

Amounts falling due after more than one year

Loans from Barclays Bank PLC

	<u>1990</u>	<u>1989</u>
1984/92 - Average Interest Rate 16.7%	1,166,000	1,555,000
1985/92 - Average Interest Rate 16.8%	190,000	252,000
1986/93 - Average Interest Rate 15.9%	400,000	500,000
1986/95 - Average Interest Rate 16.3%	376,000	438,000
1986/96 - Average Interest Rate 16.3%	1,126,000	1,313,000
1988/97 - Average Interest Rate 16.1%	1,500,000	1,500,000
1988/97 - Average Interest Rate 15.7%	400,000	-
1989/98 - Average Interest Rate 16.0%	2,000,000	-
Carried Forward	7,158,000	5,558,000

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 12. Creditors (Continued)

	<u>1990</u>	<u>1989</u>
Brought forward	7,158,000	5,558,000
Other loans		
1984/94	454,271	563,296
1985/90	-	19,557
1986/96	724,200	846,600
1990/2000	<u>2,140,417</u>	<u>-</u>
	10,476,888	6,987,453
Less payable within one year	<u>1,450,092</u>	<u>1,050,982</u>
	9,026,796	5,936,471
Hire purchase accounts (payable within five years)	<u>53,031</u>	<u>66,652</u>
	<u>£9,079,827</u>	<u>£6,003,123</u>

The Barclays Bank loans are secured by inter-company cross guarantees given by Roadchef Holdings Limited and its other subsidiary Companies.

In addition all loans are secured by a fixed and floating charge on the assets of the Company.

13. Provisions for Liabilities and Charges  
- Deferred Taxation

	<u>1990</u>		<u>1989</u>	
	<u>Amount Provided</u>	<u>Amount Unprovided</u>	<u>Amount Provided</u>	<u>Amount Unprovided</u>
Accelerated Capital Allowances	251,000	328,000	291,000	340,000
Other timing differences	42,000	-	73,000	-
Revaluation of Leasehold and Freehold Property	-	6,150,000	-	6,150,000
	<u>£293,000</u>	<u>£6,478,000</u>	<u>£364,000</u>	<u>£6,490,000</u>

Deferred taxation is calculated at 35% (1989: 35%)

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

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 14. Deferred Income

	<u>1990</u>	<u>1989</u>
Balance brought forward	242,421	286,813
Credited to profit and loss account in the period	<u>(43,834)</u>	<u>(44,392)</u>
Balance carried forward	<u>£198,587</u>	<u>£242,421</u>

## 15. Share Capital

	<u>1990</u>	<u>1989</u>
Authorised: 2,500,000 ordinary shares of £1 each	<u>£2,500,000</u>	<u>£2,500,000</u>
Issued : 1,045,000 ordinary shares of £1 each	<u>£1,045,000</u>	<u>£1,045,000</u>

## 16. Reserves

	<u>Share Premium Account</u>	<u>Revaluation Reserve</u>	<u>Profit &amp; Loss Account</u>	<u>Total</u>
At 4th June 1989	16,667	19,153,000	2,782,167	21,951,834
Retained Profit	-	-	<u>1,534,949</u>	<u>1,534,949</u>
At 3rd June 1990	<u>£16,667</u>	<u>£19,153,000</u>	<u>£4,317,116</u>	<u>£23,486,783</u>

## 17. Staff Numbers and Costs

The average number of persons employed by the Company (including Directors) during the period was 1067 (1989: 918).

The aggregate payroll costs of these persons were as follows:

	<u>1990</u>	<u>1989</u>
Wages and Salaries	6,299,312	5,086,000
Social Security Costs	504,374	415,967
Other Pension Costs	<u>145,163</u>	<u>134,940</u>
	<u>£6,948,849</u>	<u>£5,636,907</u>

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

**18. Directors Remuneration**

Excluding pension contributions, the remuneration of the Chairman, who was also the highest paid Director, during the period was £62,790 (1989: £42,900).

The remuneration of the other Directors was within the following ranges:

	<u>1990</u>	<u>1989</u>
	<u>Number</u>	<u>Number</u>
£0 - £ 5,000	-	1
£ 5,001 - £10,000	-	1
£30,001 - £35,000	-	3
£35,001 - £40,000	1	-
£45,001 - £50,000	2	-
	=	=

**19. Ultimate Holding Company**

The Company is a wholly owned subsidiary of Roadchef Holdings Limited, a Company incorporated in England. As provided by Section 229 (2) of the Companies Act 1985, group accounts have not been prepared.

**20. Capital Commitments**

Future capital expenditure authorised by the Board at 3rd June 1990 amounted to £1,868,000 (1989: £546,000) against which contracts amounting to £1,269,000 (1989: £98,000) had been placed.

**21. Pension Scheme**

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1st June 1989. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment returns would be 8½% per annum and that salary increases would average 7½% per annum.

The pension charge for the period was £116,277 (1989 : £104,976).

The most recent actuarial valuation showed that the market value of the scheme's assets was £367,800 and that the actuarial value of those assets is sufficient to meet in full the liabilities of the scheme.

The total contributions of the Company, with effect from 1st June 1990, will be 14.2% of declared earnings at that date. The employee contributions are 3.5% of declared earnings.

ROADCHEF LIMITED

## SOURCE AND APPLICATION OF FUNDS

52 WEEKS ENDED 3RD JUNE 1990

4th June 1989

## Funds From Trading Operations

Profit on ordinary activities before taxation	2,032,725		1,859,818
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## Adjustment For Items Not Involving the Movement of Funds

Depreciation	1,058,729	847,251	
Loss on disposal of fixed assets	22,107	8,820	
Capital Grants	<u>( 43,834 )</u>	<u>(44,392)</u>	
	<u>1,037,002</u>		<u>811,679</u>
Total Generated From Operations	3,069,727		2,671,497

## Funds From Other Sources

Disposal of fixed assets	37,695	61,481	
Hire purchase finance	151,057	209,542	
Loans	<u>4,550,000</u>	<u>-</u>	
	<u>4,738,752</u>		<u>271,023</u>
	7,808,479		2,942,520

## Application of Funds

Purchase of fixed assets	3,150,928	3,217,226
Repayment of hire purchase	176,453	197,019
Repayment of loans	1,060,565	1,052,758
Taxation paid	627,602	600,000

## Working Capital Requirements:

Increase/(decrease) in group balances	1,752,540	(445,939)	
Increase/(decrease) in stock	98,339	375,302	
Increase/(decrease) in debtors	( 33,694 )	442,322	
(Increase)/decrease in creditors	( 164,859 )	(1,029,710)	
(Increase)/decrease in bills of exchange	<u>2,250,000</u>	<u>(2,250,000)</u>	
	<u>8,918,374</u>		<u>2,158,978</u>
Increase/(decrease) in Cash Balances	<u>£(1,109,895)</u>		<u>£ 783,542</u>