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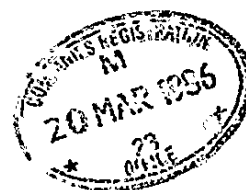
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ROADCHEF LIMITED

REPORT AND ACCOUNTS

52 WEEKS ENDED 2ND JUNE, 1985

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ROADCHEF LIMITED**OFFICERS AND ADVISERS****Directors**

P. Gee, F.C.C.A. - Chairman & Managing

E. Bryan

A. L. Cooper, M.S.A.A.T.

R. E. Hill

T. Ingram Hill, F.H.C.I.M.A.

M. A. Stunell, F.C.C.A.

Secretary

M. A. Stunell, F.C.C.A.

Registered Office

Provincial House,
45 Northgate Street,
Gloucester,
GL1 2AJ

Auditors

Edmund R. Gibbs & Co.,
46 St. Giles',
Oxford,
OX1 3LT

Bankers

Barclays Bank PLC,
1 Pall Mall East,
London,
SW1Y 5AX

ROADCHEF LIMITED

REPORT OF THE DIRECTORS

The Directors present their report together with the audited accounts of the Company for the 52 weeks ended 2nd June, 1985.

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 declared an interim dividend of £100,000 on 14th February, 1985. The Directors do not recommend the payment of a final dividend.

Business Review

During the year the Company successfully completed the redevelopment of six forecourts and two restaurants. The addition of these new facilities together with continued improvements in trade at the other sites contributed to another successful years trading. Further refurbishments and new facilities are planned for 1985/86 and the Directors are confident that the current trends of profitability will continue to improve.

Directors and Directors' Interests

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

	<u>At 3rd June, 1984</u>	<u>At 2nd June, 1985</u>
P. Gee	70,000	1,750,000
E. Bryan	1,000	25,000
A. L. Cooper	3,200	80,000
R. E. Hill	3,600	90,000
T. Ingram Hill	3,000	75,000
M. A. Stunell	3,550	88,750
C: D. Lindley - Resigned 29th July, 1984		

In accordance with the Articles of Association, A. L. Cooper and T. Ingram Hill retire from the board by rotation and, being eligible, offer themselves for re-election.

Fixed Assets

All acquisitions and disposals during the period are detailed in note 8 to the accounts.

Employee Involvement

The Company encourages all members of staff to participate in the effective running and development of the business. Information regarding the Company is made available through corporate brochures, annual staff reports, newsletters, and meetings. Employees are also encouraged to attend regular training courses and to take an active interest in all matters affecting them.

ROADCHEF LIMITED

REPORT OF THE DIRECTORS

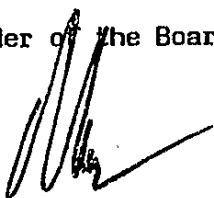
Disabled Persons

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

Auditors

A resolution proposing the re-appointment of Edmund R. Gibbs & Co. as auditors to the Company will be put to the annual general meeting.

By Order of the Board



M. A. Stunell
Secretary

18th September, 1985

ROADCHEF LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

ROADCHEF LIMITED

We have audited the accounts on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 7, give a true and fair view of the state of the affairs of the Company at 2nd June, 1985 and of the profit and source and application of funds for the period ended on that date and comply with the Companies Act 1985.

Edmund R. Gibbs

EDMUND R. GIBBS & CO.
Certified Accountants

46 St. Giles',
Oxford,
OX1 3LT

18th September, 1985

ROADCHEF LIMITED**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 2ND JUNE, 1985**

	<u>Notes</u>		<u>3rd June, 1984</u>
Turnover	2	33,717,855	24,471,315
Cost of Sales		(27,236,186)	(19,617,596)
Gross profit		6,481,669	4,853,719
Administrative expenses		(5,348,930)	(4,135,682)
Capital grants	3	101,860	97,664
Interest receivable		15,975	2,473
Interest payable	4	(597,796)	(492,779)
Profit on ordinary activities before taxation	5	652,778	325,395
Taxation	6	(120,000)	-
Profit on ordinary activities after taxation		532,778	325,395
Dividend	7	(100,000)	(59,375)
Profit for the financial period		£432,778	£266,020

ROADCHEF LIMITED

BALANCE SHEET AT 2ND JUNE, 1985

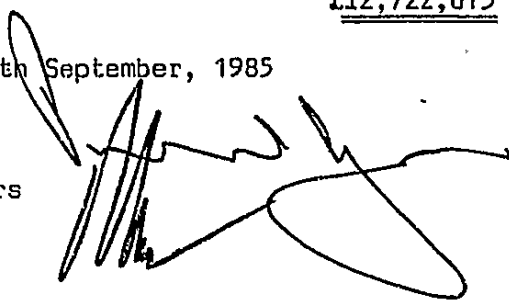
	<u>Notes</u>		<u>3rd June 1984</u>
Fixed Assets			
Tangible assets	8	15,539,322	10,210,429
Investments	9	<u>700</u>	<u>700</u>
		15,540,022	10,211,129
Current Assets			
Stock		946,389	728,714
Debtors	10	1,809,015	1,163,514
Cash in hand		<u>16,080</u>	<u>11,881</u>
		2,771,484	1,904,109
Creditors - amounts falling due within one year	11	<u>5,589,491</u>	<u>4,345,086</u>
Net Current Liabilities		<u>2,818,007</u>	<u>2,440,977</u>
Total Assets less Current Liabilities		<u>£12,722,015</u>	<u>£7,770,152</u>
Creditors - amounts falling due after more than one year	12	4,695,461	3,687,516
Provisions for Liabilities and Charges	13	120,000	-
Deferred Income	14	442,269	544,129
Capital and Reserves			
Called up share capital	15	1,045,000	1,045,000
Share premium account	16	16,667	16,667
Revaluation reserve	16	6,679,000	3,186,000
Profit and loss account	16	<u>(276,382)</u>	<u>(709,160)</u>
		<u>7,464,285</u>	<u>3,538,507</u>
		<u>£12,722,015</u>	<u>£7,770,152</u>

Approved by the Board on 18th September, 1985

P. Gee

Directors

M. A. Stunell



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 revaluations of certain leasehold and freehold properties.

(b) Fixed Assets

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

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

(c) Stock

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

(d) Deferred Taxation

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

2. Turnover

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

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.

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

4. Interest Payable	<u>1985</u>	<u>1984</u>
Barclays Bank PLC		
Overdraft	78,657	72,303
Loans Repayable After 5 Years	<u>477,810</u>	<u>391,642</u>
	556,467	463,945
Others		
Loans Repayable Within 5 Years	35,023	21,625
Loans Repayable After 5 Years	<u>6,306</u>	<u>7,209</u>
	<u>£597,796</u>	<u>£492,779</u>

5. Profit on Ordinary Activities

This is stated after charging the following:-

	<u>1985</u>	<u>1984</u>
Compensation to Former Director	25,000	-
Depreciation	467,951	371,765
Loss on Sale of Assets	4,205	14,449
Auditors Remuneration	10,750	9,500
Directors Remuneration	103,236	77,328
Management Fees	<u>55,000</u>	<u>40,000</u>

6. Taxation

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

	<u>1985</u>	<u>1984</u>
Corporation Tax	-	-
Deferred Taxation	<u>120,000</u>	-
	<u>£120,000</u>	<u>£ -</u>

No provision has been made for corporation tax on the profit for the period due to the availability of capital allowances and unrelieved tax losses brought forward.

7. Dividend

As part of an internal re-organisation of the capital structure of the Group a dividend was paid to Roadchef Holdings Ltd. This was paid without the payment of Advance Corporation Tax in accordance with an election agreed under Section 256 of the I.C.T.A. 1970.

ROADCHEF LIMITED
NOTES TO THE ACCOUNTS

8. 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 3rd June, 1984	577,788	8,311,930	2,377,833	177,164	11,444,715
Disposals	-	-	(7,455)	(32,209)	(39,664)
Additions	19,437	1,210,921	1,012,267	85,971	2,328,596
Revaluation	207,000	3,142,000	-	-	3,349,000
At 2nd June 1985	804,225	12,664,851	3,382,645	230,926	17,082,647
<u>Depreciation</u>					
At 3rd June, 1984	-	89,829	1,089,261	55,196	1,234,286
Disposals	-	-	(573)	(14,339)	(14,912)
Charge for Period	-	169,353	247,155	51,443	467,951
Revaluation	-	(144,000)	-	-	(144,000)
At 2nd June, 1985	-	115,182	1,335,843	92,300	1,543,325
<u>Net Book Values</u>					
At 2nd June, 1985	804,225	12,549,669	2,046,802	138,626	£15,539,322
At 3rd June, 1984	577,788	8,222,101	1,288,572	121,968	£10,210,429

Freehold and Leasehold property included at valuation comprises:-

Cost	597,225	6,838,851
Revaluation 1975	-	450,000
Revaluation 1982	-	749,000
Revaluation 1984	-	1,485,000
Revaluation 1985	207,000	3,142,000
	<u>£804,225</u>	<u>£12,664,851</u>

Certain of the Company's leasehold and freehold properties have been revalued at 2nd June, 1985 by the Directors, having taken independent professional advice, on an open market existing use basis at £11,330,000.

The freehold and leasehold deeds for certain of the motorway service areas are held on trust in the name of the Company's wholly owned non-trading subsidiaries.

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

9. 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.

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

10. Debtors

	1985 ^a	1984
Owed by fellow subsidiary	753,667	753,667
Trade debtors	558,638	374,444
Other debtors	340,038	23,122
Prepayments	156,672	12,281
	<u>£1,809,015</u>	<u>£1,163,514</u>

11. Creditors

Amounts falling due within one year

Amount owed to fellow subsidiary	25,504	72,470
Amount owed to ultimate holding company	154,796	22,123
Amounts owed to subsidiaries	700	700
Trade creditors (secured)	619,176	775,382
Trade creditors (unsecured)	2,245,182	2,012,993
Other creditors	1,034,225	240,621
Taxes and social security	476,997	75,085
Accruals	266,252	271,708
Bank overdraft	127,534	271,867
Proportion of long term loans	581,358	399,500
Hire purchase accounts	57,767	84,304
Other loans	-	118,333
	<u>£5,589,491</u>	<u>£4,345,086</u>

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

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

12. Creditors

Amounts falling due after more than one year.

Loans from Barclays Bank PLC.

	<u>1985</u>	<u>1984</u>
1984/92 - Average Interest Rate 11.9%	3,111,000	3,500,000
1985/92 - Average Interest Rate 13.0%	500,000	500,000
1986/93 - Average Interest Rate 15.6%	550,000	-
	<u>4,161,000</u>	<u>4,000,000</u>

Other loans.

1975/90 - Repaid 16th April 1985	-	55,500
1984/94 - Advanced 1st August 1984	999,396	-
1985/90 - Advanced 21st April 1985	104,889	-
	<u>5,265,285</u>	<u>4,055,500</u>
	581,358	399,500
	<u>4,683,927</u>	<u>3,656,000</u>
	11,534	31,516
	<u>£4,695,461</u>	<u>£3,687,516</u>

Less repayable within one year

Hire Purchase Accounts

The loans are secured by fixed and floating charges on the assets of the Company.

13. Provisions for Liabilities and Charges - Deferred Taxation

	<u>1985</u>		<u>1984</u>
	<u>Amount Provided</u>	<u>Full Potential Liability</u>	<u>Amount Provided</u>
Accelerated capital allowances	120,000	510,000	-
Revaluation of leasehold and freehold property	-	1,810,000	-
Unrelieved tax losses	-	-	-
	<u>£120,000</u>	<u>£2,320,000</u>	<u>(141,000)</u>
			<u>£1,071,000</u>

The amount provided for deferred taxation and the full potential liability are calculated at 35% except where settlement is expected to be made at 40%.

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 LIMITEDNOTES TO THE ACCOUNTS

14. Deferred Income	<u>1985</u>	<u>1984</u>
Balance brought forward	544,129	294,829
Adjustment	-	346,964
Credited to profit and loss account in the period	<u>(101,860)</u>	<u>(97,664)</u>
Balance carried forward	<u>£442,269</u>	<u>£544,129</u>

The adjustment represents the amount required to restate each capital grant to the level necessary to enable it to be credited to the Profit and Loss Account in equal instalments over the whole term of the original agreement.

15. Share Capital	<u>1985</u>	<u>1984</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 & Loss Account</u>	<u>Total</u>
At 3rd June, 1984	16,667	3,186,000	(709,160)	2,493,507
Revaluation	-	3,493,000	-	3,493,000
Retained profit	-	-	432,778	432,778
At 2nd June, 1985	<u>16,667</u>	<u>6,679,000</u>	<u>(276,382)</u>	<u>£6,419,285</u>

17. **Staff Numbers and Costs**

The average number of persons employed by the Company (including Directors) during the period was 613 (1984 - 460).

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

	<u>1985</u>	<u>1984</u>
Wages and salaries	2,542,368	1,879,128
Social security costs	265,654	208,929
Other pension costs	<u>40,899</u>	<u>18,208</u>
	<u>£2,848,921</u>	<u>£2,106,265</u>

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

18. Directors Remuneration

Excluding pension contributions, the remuneration of the current Chairman was £NIL, the former Chairman was £4,325 (1984 - £7,385) and the highest paid Director was £18,382 (1984 - £17,144). The remuneration of the other Directors was within the following ranges:-

	<u>1985</u>	<u>1984</u>
	No.	No.
£0 - £5,000	1	1
£15,001 - £20,000	<u>3</u>	<u>3</u>

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 2nd June, 1985 amounted to £790,000 (1984: £650,000) against which contracts amounting to £710,000 (1984: £110,000) had been placed.

ROADCHEF LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED 2ND JUNE, 1985

3rd June, 1984

Source of Funds

Profit on ordinary activities	652,778		325,395
Adjustment for items not involving the movement of funds			
Depreciation	467,951		371,765
Loss on sale of assets	4,205		14,449
Capital grants	<u>(101,860)</u>		<u>(97,664)</u>
Total generated from operations	1,023,074		613,945
Funds from other sources			
Disposals of fixed assets	20,547	9,791	
Hire purchase finance	57,719	129,095	
Loans	<u>1,746,917</u>	<u>1,725,000</u>	
	1,825,183		1,863,886
	2,848,257		2,477,831

Application of funds

Purchase of fixed assets	2,328,596	1,359,809	
Repayment of hire purchase	104,238	80,775	
Repayment of loans	655,465	955,500	
Dividend paid	<u>100,000</u>	<u>59,375</u>	
	3,188,299		2,455,459
Net increase/(decrease) in working capital	<u>£(340,042)</u>		<u>£ 22,372</u>

Represented by:-

Increase/(decrease) in stocks	217,675	48,257
Increase/(decrease) in debtors	645,501	157,356
Increase/(decrease) in cash and bank balances	148,532	237,082
(Increase)/decrease in creditors due within one year	<u>(1,351,750)</u>	<u>(420,323)</u>
	<u>£(340,042)</u>	<u>£ 22,372</u>

PATRICK GEE - SCHEDULE OF DIRECTORSHIPS

Roadchef Holdings Limited
Roadchef Group Limited
Roadchef Limited
Roadchef (Hamilton) Limited
Roadchef (Harthill) Limited
Roadchef (Killington) Limited
Roadchef (Pont Abraham) Limited
Roadchef (Rownhams) Limited
Roadchef (Sandbach) Limited
Roadchef (Taunton) Limited
Roadway Diners Limited

RAYMOND EDWARD HILL - SCHEDULE OF DIRECTORSHIPS

Roadchef Group Limited
Roadchef Limited
Roadway Diners Limited

MICHAEL ALFRED STUNELL - SCHEDULE OF DIRECTORSHIPS

Roadchef Group Limited
Roadchef Limited
Roadway Diners Limited
