

ROADCHEF LIMITED

REPORT AND ACCOUNTS 2ND OCTOBER, 1977

DIRECTORS

C.D. Lindley, F.H.C.I.M.A. - Chairman and Managing
R.K. Ackerman
P. Coates
P. Gee, F.C.C.A.

SECRETARY

P. Gee, F.C.C.A.

REGISTERED OFFICE

Provincial House,
Northgate, Gloucester, GL1 2AJ.

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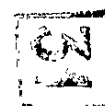
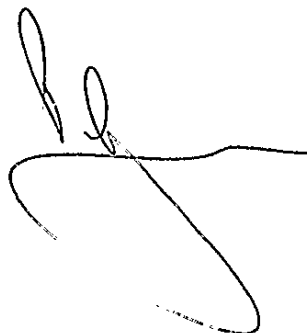
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This is the copy referred to in the

ANNEXED CERTIFICATE "B"



INDISTINCT ORIGINAL

ROADCHEF LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report together with the Audited Accounts of the Company for the fifty-two weeks ended 2nd October, 1977.

Results

A summary of the results of the trading for the period is given on page 5. The Directors recommend that no dividend be paid for the period (1976 £73,577).

In the opinion of the Directors satisfactory arrangements have been concluded to provide sufficient finance to complete the Company's existing development programme.

Principal Activities

The principal activities of the Company are the development and operation of Motorway Service Areas, the operation of Roadside Restaurants and Petrol Stations and the provision of Specialist Architectural Services.

Directors

The under-mentioned were Directors of the Company during the period under review and continue in office unless otherwise noted:-

C.D. Lindley	- Managing
R.K. Ackerman	
P. Coates	
P. Gee	- Appointed 7th December, 1976
J.F.P. Avery	- Resigned 31st October, 1977
J. Daly	- Resigned 31st October, 1977
M.D. Golder	- Resigned 18th April, 1977
F. Knights	- Resigned 31st October, 1977
G. Sweet	- Resigned 31st October, 1977

There were no Directors' shareholdings throughout the period. The Directors' participated in the Company's Share Option Scheme details of which are given later in this Report.

In accordance with the Articles of Association, R.K. Ackerman retires from the Board by rotation and, being eligible, offers himself for re-election.

Exports

There were no direct exports during the period.

Fixed Assets

Acquisitions and Disposals during the period are detailed in Note 5 to the Accounts.

Employees and Their Remuneration

The average number of persons including part time workers employed by the Company in each week was 472 and their aggregate remuneration was £865,778.

Change of Name

The name of the Company was changed from Galleon Roadchef Limited to Roadchef Limited on 15th February, 1978.

Share Option Scheme

The Company at an Extraordinary General Meeting on 16th October, 1974 adopted a Share Option Scheme which gave Senior Employees and Directors the opportunity to purchase shares in the Company. At 31st October, 1977 options remaining in issue giving the right to purchase shares at £1 each during the next five years were as follows:-

C.D. Lindley	48,000
R.K. Ackerman	10,000
P. Coates	10,000
P. Gee	26,000

ROADCHEF LIMITED

REPORT OF THE DIRECTORS (Continued)

Holding Company

At the date of the Balance Sheet the Company's ultimate controlling shareholder was Galleon World Travel Association Limited. L.C.I. Group Limited (Formerly L.C.I. (Concessions) Ltd.) became the ultimate controlling shareholder on 21st October, 1977.

Auditors

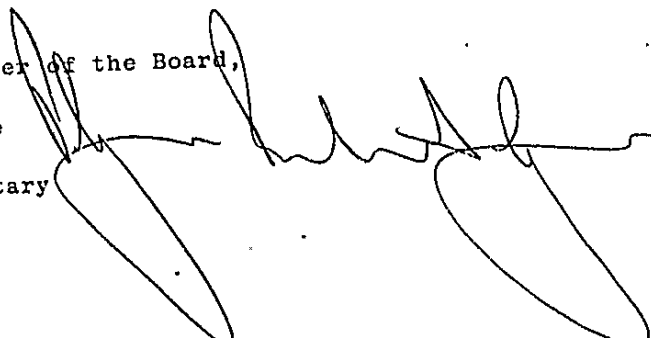
The Auditors, Edmund R. Gibbs & Co. are willing to be re-appointed in accordance with Section 14 of the Companies Act, 1976.

Appleby & Wood resigned as joint Auditors on the 26th September, 1977 and confirmed there were no circumstances connected with their resignation which should be reported to members or creditors.

By Order of the Board,

P. Gee

Secretary



14th April, 1978.

REPORT OF THE AUDITORS TO THE MEMBERS OF
ROADCHEF LIMITED

In our opinion the Accounts and Notes set out on pages 4 to 10, which have been prepared on the historical cost convention as modified to include the revaluation of Leasehold and Development Contracts give, on this basis, a true and fair view of the state of the Company's affairs at 2nd October, 1977 and of the loss and source and application of funds for the period ended on that date, and comply with the Companies Acts 1948 and 1967.

46 St. Giles',
Oxford,
OX1 3LT

Edmund R. Gibbs

Edmund R. Gibbs & Co.
CERTIFIED ACCOUNTANTS

14th April, 1978

ROADCHEP LIMITED
BALANCE SHEET AT 2ND OCTOBER, 1977

<u>1976</u>		
	<u>SHARE CAPITAL</u>	
	<u>Authorised</u>	
<u>£2,500,000</u>	2,500,000 Ordinary Shares of £1 each	<u>£2,500,000</u>
	<u>Issued</u>	
1,035,435	1,035,455 Ordinary Shares of £1 each, fully paid	1,035,455
470	9,400 Ordinary Shares of £1 each, 5p paid	470
		<u>1,035,925</u>
1,035,905		84,466
260,814	<u>RESERVES</u> (Note 2)	<u>1,057,107</u>
1,066,134	<u>CAPITAL GRANTS</u> (Note 3)	
		<u>2,177,498</u>
2,362,853		362,958
351,083	<u>LOAN CAPITAL</u> (Note 4)	<u>£2,540,456</u>
<u>£2,713,936</u>	<u>CAPITAL EMPLOYED</u>	
	Represented by:-	
3,422,448	<u>FIXED ASSETS</u> (Note 5)	4,126,952
20,316	<u>GROUP BALANCES</u> (Note 6)	150,125
	<u>CURRENT ASSETS</u>	
	174,656 Stocks	155,487
	296,329 Debtors and Prepayments	250,540
	4,605 Cash in Hand	6,980
475,590		<u>412,007</u>
	<u>CURRENT LIABILITIES</u>	
	12,850 Hire Purchase Accounts	110,122
	1,025,269 Creditors and Accrued Charges	1,566,607
	129,472 Bank Overdraft (Note 7)	472,899
	36,827 Proposed Dividend	
		<u>(2,149,628)</u>
(1,204,418)		<u>£2,540,456</u>
<u>£2,713,936</u>		

C.D. Lindley }
P. Gee } DIRECTORS

SCARCHEF LIMITED
PROFIT AND LOSS ACCOUNT FOR THE
FIFTY TWO WEEKS ENDED 2ND OCTOBER, 1977

<u>1976</u>				
<u>£4,683,681</u>		<u>TURNOVER</u>		<u>£8,162,707</u>
244,817		<u>TRADING SURPLUS</u>	(Note 8)	303,895
38,712		<u>LESS:</u> Interest	(Note 9)	90,237
51,520		Depreciation		<u>117,607</u>
<u>90,232</u>				<u>207,844</u>
154,585		<u>PROFIT BEFORE EXCEPTIONAL ITEMS</u>		96,051
-		<u>LESS:</u> Exceptional items	(Note 10)	272,309
<u>154,585</u>				<u>(176,348)</u>
73,577		<u>LESS:</u> Distributions	(Note 11)	-
81,008				<u>(176,348)</u>
13,139		<u>ADD:</u> Balance Brought Forward		94,147
<u>£ 94,147</u>		<u>Surplus/(Deficit) Carried Forward</u>		<u>£ (82,201)</u>

INDISTINCT ORIGINAL

ROADHUF LIMITED

NOTES TO ACCOUNTS 2ND OCTOBER, 1977

Accounting Policies

Accounts for the fifty-two weeks ended 2nd October, 1977 are prepared on the historical cost basis of accounting, modified to include the revaluation of the leasehold property and Development Contracts in accordance with the details at the foot of Note 5 to the accounts. 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) Fixed Assets

Freehold land and buildings are not depreciated.

Leasehold buildings are written off over the period of the lease.

Furniture, Fittings and Equipment are depreciated on a straight line basis over their expected useful life.

Goodwill is written off over the period of the lease with which it is associated.

Motor vehicles are depreciated at 25% per annum on a straight line basis.

Development of Motorway Service Areas represents the costs incurred to date in designing, planning and construction and the revaluation of the Contracts for the Motorway Service Areas for which the Company has won tenders to build and operate and which are not yet fully trading. The total amount capitalised is transferred to the relevant Fixed Assets Accounts upon commencement of trading, and written off as detailed above, with effect from date of transfer.

Share Issue expenses will be written off over a period of five years commencing from the date the Company's existing development programme is completed.

(b) Stock

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

(c) Turnover

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

(d) Repairs and Renewals

Expenditure is written off in the period in which it is incurred.

(e) Exceptional Profits and Losses

Any exceptional profits and losses that might arise are shown separately in the Profit and Loss Account.

RESERVES

	<u>1977</u>	<u>1976</u>
Balance as at 3rd October, 1976	260,814	163,139
Add Undistributed Profit/(Loss) for Period	(176,348)	81,008
Share Premium Received	-	16,667
Balance as at 2nd October, 1977	<u>£ 84,466</u>	<u>£260,814</u>

Of the above balance £ NIL (1976 £94,147) is available for distribution to the members by way of dividend.

CAPITAL GRANTS

Capital Grants are amounts received as contributions towards the development costs of the Company's Motorway Service Areas. In addition to the actual capital grants received, the Company has the benefit of free maintenance and replacement of forecourt equipment, the value of which will increase in later years. Grants are written off over ten years.

The Company can at its own option terminate certain of the agreements after five, ten or fifteen years. In the event of the Company exercising its option this termination would necessitate the repayment of a proportion of the original grant received. The first option to break occurs in 1980.

ROBERTSON LIMITED

NOTES TO ACCOUNTS AT 2ND OCTOBER, 1977 (Continued)

4. LOAN CAPITAL

Loan Capital is received via Subsidiary Companies and secured on the assets of the Company and the investment in Subsidiary Companies.

	1977	1976
Repayable over 20 years @ 13%	96,875	67,000
Repayable over 20 years @ 10%	137,083	144,583
Repayable over 15 years @ Base Rate	129,000	139,500
Plus 1½% (Maximum 12%)		
	<u>£362,958</u>	<u>£351,083</u>

5. FIXED ASSETS

	Freehold Land & Buildings	Leasehold Property Buildings (Short Term)	Fixtures and Fittings	Goodwill	Motor Vehicles	Develop- ment of Motorway Service Areas	TOTAL
Cost or valuation							
At 3rd October, 1976	30,000	2,360,408	493,097	11,543	53,928	534,710	3,483,686
Additions Less Disposals	-	80,441	324,021	-	25,041	389,451	818,954
Reallocation on Commencement of Trading	-	373,108	6,336	-	-	(378,444)	-
At 2nd October, 1977	30,000	2,813,957	823,454	11,543	78,969	544,717	4,302,640
Depreciation							
At 3rd October, 1976	-	22,145	28,312	2,308	16,103	-	68,868
On Disposals	-	-	-	-	(3,157)	-	(3,157)
Charge for the Period	-	54,329	46,808	770	15,700	-	117,607
At 2nd October, 1977	-	76,474	75,120	3,078	28,646	-	183,318
Written Down Value at 2nd October, 1977	30,000	2,737,483	748,334	8,465	50,323	544,717	4,119,322
Share Issue Expenses							<u>7,630</u>
							<u>TOTAL £4,126,952</u>

A valuation of the leasehold properties and Development Contracts of the Company was made by the Directors on 1st January, 1975, which showed a surplus of £450,000. It is estimated that if all of the revalued leasehold properties and Development Contracts were sold for a consideration equal to the written up value, and the proceeds therefrom were not reinvested in replacement fixed assets, there would be a liability to Companies Capital Gains Tax in the region of £135,000 for which no provision has been made in the accounts.

6. GROUP BALANCES

The Group Companies Balances on the Balance Sheet is made up as follows:-

	1977	1976
Investment in Subsidiaries	1,600	1,500
Amounts due from Subsidiaries	57,272	16,066
Loans to Subsidiaries	40,000	40,000
Amount due from/(To) Holding Company	51,853	(36,750)
Amounts due to Subsidiaries	(600)	(500)
	<u>£150,125</u>	<u>£ 20,316</u>

ROADCHEF LIMITED

NOTES TO ACCOUNTS AT 2ND OCTOBER, 1977 (Continued)

7. BANK OVERDRAFT FACILITY

The Company's Bank Overdraft facility is secured by a charge on the investment in Galleon Roadchef (Rownhams) Limited and Galleon Roadchef (Taunton) Limited.

8. TRADING SURPLUS

The trading surplus for the period is after charging/(crediting):-

	<u>1977</u>	<u>1976</u>
Auditors Remuneration	6,000	3,300
Bank Deposit Interest	(380)	(406)
Capital Grants (Note 3)	(134,133)	(129,486)

9. INTEREST PAYABLE

	<u>1977</u>	<u>1976</u>
Bank Interest and on Loans Repayable within 5 years	57,767	26,789
Other Interest	32,470	11,923
	<u>£ 90,237</u>	<u>£ 38,712</u>

10. EXCEPTIONAL ITEMS

The exceptional items shown on the profit and loss account are:-

Management Fee in respect of past services	250,000
Termination of Contracts of Director and Senior Executive	22,399
	<u>£272,399</u>

11. DISTRIBUTIONS

	<u>1977</u>	<u>1976</u>
Interim Dividend of 3.675p per share on 1,000,002 shares paid 30th April, 1976	-	36,750
Final Dividend of 3.675p per share on 1,035,435 shares paid 10th November, 1976	-	38,052
	-	74,802
Less Final Dividend Waived on 33,333 shares	-	1,225
	<u>£ NIL</u>	<u>£ 73,577</u>

12. CONTINGENT LIABILITIES

During 1976 the Building Contractor engaged to construct two of the Company's Motorway Service Areas went into Receivership and as a result a number of Sub-Contractors have taken legal action against the Company for recovery of sums due to them by the Main Building Contractor. The unresolved actions against the Company amount to £8,081. (1976 £27,158)

13. CAPITAL COMMITMENTS AT 2ND OCTOBER, 1977

	<u>1977</u>	<u>1976</u>
Authorised by Board not contracted for	£ NIL	£166,000
Contracted for	<u>£100,000</u>	<u>£450,000</u>

ROADCHEF LIMITEDNOTES TO ACCOUNTS AT 2ND OCTOBER, 1977 (Continued)f. SUBSIDIARY COMPANIES

Name of Companies - all incorporated in England	Percentage of issued share capital
Roadway Diners Limited 20,000 Ordinary Shares of £1 each fully paid	100%
Galleon Roadchef (Hamilton) Limited* 100 Ordinary Shares of £1 each fully paid	100%
Galleon Roadchef (Sandbach) Limited* 100 Ordinary Shares of £1 each fully paid	100%
Galleon Roadchef (Rownhams) Limited*++ 100 Ordinary Shares of £1 each fully paid	100%
Galleon Roadchef (Killington) Limited* 100 Ordinary Shares of £1 each fully paid	100%
Galleon Roadchef (Taunton) Limited*++ 100 Ordinary Shares of £1 each fully paid	100%
L.C.I. Management Limited* (previously Roadchef Ltd.) 100 Ordinary Shares of £1 each fully paid	100%

* These Companies were not trading at 2nd October, 1977.

++The Shares in Galleon Roadchef (Rownhams) Limited and Gallcon Roadchef (Taunton) Limited are held in the name of Barclays Nominees (Branches) Limited as security for the Company's Bank Overdraft facility.

DIRECTORS REMUNERATION

	<u>1977</u>	<u>1976</u>
Chairman	-	-
Highest Paid Director	13,538	14,242
Other Directors		

	<u>No. of Directors</u>			
	<u>1977</u>	<u>1976</u>		
£1-£2,500	2	2)	
£2,501-£5,000	-	-)	30,133
£5,001-£7,500	1	-)	26,097
£7,501-£10,000	2	1)	
£10,000-£12,500	-	1)	
Contributions to Pension Scheme				4,488
				3,826
				<u>£ 48,159</u>
				<u>£ 44,165</u>

In the period under review three Directors waived their entire salary, and, in accordance with Government pay policy, three other Directors did not receive increases due under their Contracts. The total involved amounted to £18,991.
£11,500 was paid to a Director during the year as compensation for termination of his Contract.

LOAN TO OFFICER OF THE COMPANY

During the year a bridging loan totalling £15,000 was made to a Director of the Company to assist him to move home to the location of the Company's new Head Office; this loan was repaid before the Balance Sheet date.

ROADCHEF LIMITED

Statement of Source and Application of Funds for the period ended 2nd October, 1977

	<u>1977</u> £	<u>1976</u> £
SOURCE OF FUNDS		
Profit before Exceptional Items	96,051	154,585
Depreciation	117,607	51,513
Exceptional Items	(272,399)	-
(Profit)/Loss on Sale of Assets	(242)	-
	<hr/>	<hr/>
Disposal of Fixed Assets	(58,983)	206,098
Increase in Loans	3,446	6,745
Hire Purchase Finance Received	11,875	201,083
Capital Grants	97,272	8,671
Share Capital	(9,027)	880,690
Share Premium	20	35,903
	-	16,667
	<hr/>	<hr/>
	£ 44,603	£1,355,857
	<hr/>	<hr/>
 APPLICATION OF FUNDS		
Fixed Assets	825,315	2,098,282
Dividends Paid	36,827	85,070
Increase in Group Balances	129,809	(27,248)
Increase/(Decrease) in Stocks	(19,169)	95,069
Increase/(Decrease) in Debtors	(45,789)	79,855
(Increase) in Creditors	(341,338)	(733,394)
(Decrease)/Increase in Cash and Bank	(341,052)	(241,777)
	<hr/>	<hr/>
	£ 44,603	£1,355,857
	<hr/>	<hr/>

ROADCHEF LIMITED

Statement of Source and Application of Funds
for the period ended 2nd October, 1977

	<u>1977</u> £	<u>1976</u> £
SOURCE OF FUNDS		
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Increase/(Decrease) in Debtors	(45,789)	79,855
(Increase) in Creditors	(541,338)	(733,394)
(Decrease)/Increase in Cash and Bank	(341,052)	(241,777)
	-----	-----
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INDISTINCT ORIGINAL