REGISTERED NUMBER 1123082

Roadchef Motorways Limited

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Roadchef Motorways 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

Roadchef Motorways Limited

CONTENTS

Contents	**Page**

Roadchef Motorways Limited

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report for the year ended 31 December 2013 The comparative period was the year ended 1 January 2013

Review of the business

Principal activity
Roadchef Motorways Limited ("the Company") operated 13 Motorway Service Areas on 18 sides of the motorway in the United Kingdom 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 £7,405,000 (1 January 2013 £6 758,000) and a pre-tax loss of £1,328,000 (1 January 2013 £157,000) The board are satisfied with the results for the year

Group reorganisation
On 28 May 2013 the directors completed the transfer of all the trade and assets of Takeabreak Motorway Services Limited a fellow group company, to Roadchef Motorways Limited

There has been no change in the nature of operations of the acquired Motorway Service Area following this reorganisation

Forecourt operations
During 2009, the Company entered into a 23 year contract with BP whereby BP would lease six forecourts As at 31 December 2013 the number of forecourts transferred to BP was four (1 January 2013 two) The two remaining forecourts are due to transfer in 2017, as the current fuel supply agreements come to an end The contract generated an up-front payment which has been treated as deferred income and also a rental stream going forward over the life of the contract which will be recognised in other operating income

During 2012, the Company entered into a 25 year contract with Shell whereby Shell would lease three forecourts Additionally in 2012 an early termination of operations at one forecourt was agreed and executed, which transferred those operations to Shell As at 1 January 2013, the number of forecourts transferred to Shell as a result of these agreements was two The remaining two forecourts transferred during 2013 The agreement to lease forecourts to Shell generated an up-front payment which has been treated as deferred income The early termination agreement generated a one off up front payment which was taken to profit and loss account during 2012

Although the profit of the Company remains at similar levels as a result of these agreements, there has been a reduction in revenue and cost of sales These contracts have 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 major operators and several smaller operators, of which the Roadchef Group is the third largest with a market share of about 21% (1 January 2013 21%)

Management believe that there are about 44 million visits to the Roadchef Group's sites in a year and 70% of these visits 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 offering at key sites has proven to reduce the level of non-conversion by between 10-15%

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

- service our customers 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,
- 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

During 2013 the Group continued with its multi-million pound development plan of the Motorway Service Areas In addition to the four installed during 2012, the Group has installed McDonald's at five Motorway Service Areas during 2013, including Sandbach Northbound and Taunton Southbound, which has proved very successful with sales growth of up to 400% in some outlets In addition the Group continued to invest in new seating areas and revitalising the Costa units at the same sites Finally, the Group continues to convert existing in house branded catering outlets to the Group's new in house brand Fresh Food Café Fresh Food Café combines a contemporary branded food servery with the latest back of house cooking equipment, which improves food quality, speed of service and continues to deliver value to customers The next two years should see the completion of the Group's catering upgrade, providing a much improved offer for our customers

Review of the business (continued)
The board monitors progress on the Company strategy and the individual strategic elements by reference to the following KPIs

	31 December 2013	1 January 2013	Definition, method of calculation and analysis
Growth in amenity building sales (%)	**25 2%**	9 1%	Year-on-year sales growth expressed as a percentage Amenity building sales showed an increase of 25 2% This includes the benefit of Strensham North and Southbound being transferred into the Company during the year Like-for-like sales growth excluding Strensham is 4 8%, which reflects the benefit of the various McDonalds developments completed throughout 2012 and 2013
Gross margin in the amenity building (%)	**61 9%**	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 is comparable year on year and is judged to be at a satisfactory level
Amenity building transactions (m)	**13 3**	10 7	This is the actual number of transactions recorded in the main building in both the retail and catering outlets Excluding Strensham, the number of transactions for the year is 11 1m The visits this year have increased significantly and are being driven by the strength in popularity of the franchise partner offerings in place
Spend per transaction (£)	**£4 69**	£4 62	This is the sales in the amenity building (excluding hotel offerings and other income) divided by the number of transactions The directors closely monitor this at an outlet level where the labour content of each transaction can vary significantly The spend per transaction has increased during the year and is driven by the strength in popularity of the franchise partner offerings in place

Principal risks and uncertainties

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 The BP and Shell contracts entered into whereby four forecourts were transferred to BP and four forecourts to Shell, with the fuel supply arrangements ending on these, will continue to mitigate the impact of fuel price fluctuations, and the Company's exposure to fuel price fluctuations will reduce as more forecourts transfer across to BP in 2017

Outsourcing The Company outsourced many of its back office activities and systems management to IBM in 2005 The Company has begun the process of restoring internal operation of these activites and systems, driven by the long term intentions of closer stakeholder relations, better management reporting and improved profitability The process comprises two stages of roll-out for 2014 which sees the phased introduction of new processes and systems across the Motorway Service Areas

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 Whilst no legislative change has as of yet been effected, government is currently giving consideration to allow local authorities to make decisions regarding the building of new service areas based upon local requirements If this ruling was to change then additional competition could enter the market. The board is however confident that the ongoing investment and development of the Company's Motorway Service Areas will help in mitigating the threat posed from an increased number of competitors

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 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 the ongoing construction of Motorway Service Areas serving northbound and southbound carriageways of the M5 between junctions 11A and 12, and is confident that the Company's strategies are robust enough to withstand this added competition

Principal risks and uncertainties (continued)

Financial risk management policies
The Company's financial instruments compnse trade and other debtors, accrued income, trade and other creditors, accruals and finance leases

The treasury function is provided centrally for the UK Group as a whole, this includes Roadchef Limited and all of its subsidiaries The treasury objective is to ensure that market nsks and price risks are reduced to a minimum The UK Group does not use complex financial instruments in the management of these exposures The exposures and measures taken by the UK Group to mitigate them are reviewed by the board of the UK Group on a regular basis The Group does not enter into transactions of a speculative nature, nor trades in financial instruments

Currency risk
The Company is not exposed to currency nsk as it operates solely within the United Kingdom

Credit risk
The Company's pnncipal financial assets are trade debtors of £5,599,000 (1 January 2013 £5,213,000), which represent the Company's maximum exposure to credit risk in relation to financial assets

The trade debtors included in the balance sheet of £5,599,000 (1 January 2013 £5,213,000) are net of allowances for doubtful debts A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows The Company's business is pnncipally cash based and the trade debtor balances represent rebates due from suppliers and debts from fuel and credit cards The credit risk relating to the supplier rebates is considered to be low due to historic expenence The fuel and credit card debts are not considered to have significant credit risk attached to them as they are held with blue-chip companies

Interest rate risk
The Company's borrowings comprise both fixed and floating rates of interest exposing the Company to fair value interest rate nsk and cash flow interest rate nsk respectively

On behalf of the board

L Dafna
Director

Date 11 June 2014

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report for the year ended 31 December 2013

Directors
Details of the directors who held office since 1 January 2013 are given below

S Turl
I McKay
R Tindale
L Dafna

Results and dividends
The results for the year are set out on page 7 The directors do not recommend the payment of a dividend (1 January 2013 £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 Company continues and that appropriate training is arranged It is the policy of the Company 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 continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company

Going concern
The Company's business activities financial risk policies and exposures, together with the factors likely to affect its future development, performance and position are set out above The key sensitivity is the level of trading it achieves which is dependent on a number of factors outside the it's control, including fuel prices, 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

Overall the Group meets its day-to-day working capital requirements through an overdraft facility which is renewed annually In addition the Group has various secured and unsecured loan notes and bank debt which it uses to finance the Group's activities The Company is party to the Group arrangements or the recipient of the on-lending of these borrowings

The Group's forecasts and projections taking account of reasonable possible changes in trading performance show that the Group expects to operate within the level of its current facilities and to meet minimum covenant requirements in respect of these 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' 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 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 11 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, 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 and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate 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 AUDITOR'S REPORT
TO THE MEMBERS OF ROADCHEF MOTORWAYS LIMITED

We have audited the financial statements of Roadchef Motorways Limited for the year ended 31 December 2013 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 23 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 December 2013 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 Strategic Report and 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

Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date 11 June 2014

Roadchef Motorways Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Turnover			
Ongoing		**102,548**	148,213
Acquisitions	20	**18,388**	-
		120,936	148,213
Cost of sales		**(65,666)**	(98 202)
Gross profit		**55,270**	50,011
Administrative expenses			
Before exceptional items		**(47,162)**	(40,921)
Property revaluation gain	9	**143**	629
Other exceptional items	2	**(2,184)**	(2,961)
		(49,203)	(43,253)
Other operating income	6	**1,338**	-
Operating profit	6		
Ongoing		**6,401**	6,758
Acquisitions		**1,004**	-
		7,405	6,758
Loss on disposal of tangible fixed assets	6	**(546)**	-
Interest payable and similar charges	5	**(8,187)**	(6,915)
Loss on ordinary activities before taxation		**(1,328)**	(157)
Taxation on loss on ordinary activities	7	**628**	5 336
(Loss)/ profit for the financial year	17	**(700)**	5,179

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

Roadchef Motorways Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
(Loss)/ profit for the financial year	17	(700)	5,179
Unrealised surplus on revaluation of land and buildings	17	9,289	2 328
Total recognised gains for the year		8,589	7,507

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Reported loss on ordinary activities before taxation		(1,328)	(157)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	17	3,258	3,154
Historical cost profit on ordinary activities before taxation		1,930	2 997
Historical cost profit on ordinary activities after taxation		2,558	8,333

Roadchef Motorways Limited

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	31 December 2013 £'000	1 January 2013 £'000
Fixed assets			
Intangible fixed assets	8	193	-
Tangible fixed assets	9	250,500	189,200
Investments	10	1	1
		250,694	189,201
Current assets			
Stocks	11	2,493	2,740
Debtors amounts falling due after more than one year	12	302,520	243,302
Debtors amounts falling due within one year	12	223,085	232,568
Cash at bank and in hand		738	488
		528,836	479,098
Creditors amounts falling due within one year	13	(386,592)	(307 268)
Net current assets		142,244	171,830
Total assets less current liabilities		392,938	361,031
Creditors amounts falling due after more than one year	14	(125,994)	(103,498)
Deferred income	15	(11,742)	(10 920)
Net assets		255,202	246,613
Capital and reserves			
Called up share capital	16	1,045	1 045
Share premium account	17	17	17
Revaluation reserve	17	124,422	118,391
Profit and loss account	17	129,718	127,160
Equity shareholder's funds	18	255,202	246,613

The financial statements were approved by the board and authorised for issue on 11 June 2014

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 31 December 2013 of £142,244,000 (1 January 2013 £171 830,000) are debtors of £302,520,000 (1 January 2013 £243,302,000) due after more than one year from other Group companies Consequently the Company after excluding these amounts has net current liabilities of £160 276 000 (1 January 2013 £71,472,000) 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

Consolidated financial statements
The financial statements contain information about Roadchef Motorways Limited as an individual company and do not contain consolidated financial information as the parent of a group The Company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group

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 this 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 catering, retail, and hotel sales is recognised when goods or services are provided 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 Under other fuel supply arrangments turnover consists of the amounts receivable from customers, excluding Value Added Tax

Interest and finance costs
Interest on loans drawn specifically for new developments, incurred up to the date of practical completion is capitalised as part of the cost of construction Financing costs associated with new borrowings are recognised in the profit and loss account over the term of the borrowings at a constant rate on the carrying amount Finance costs represent the difference between the total amount of the payments that will have to be made in respect of the borrowing instrument and the fair value of the consideration received on the issue of the instrument after deduction of costs that have been incurred and which are directly associated with the issue of that instrument and which would not have arisen had the instrument not been issued

Vendor allowances
The Company receives various types of vendor allowances These take the form of up-front payments such as lump sum payments or prepaid amounts, rebates in the form of cash or credits, and other forms of payments These amounts are shown as a reduction in the cost of sales as the Company becomes entitled to them

Development costs and pre-opening expenses
External development costs are carried forward and capitalised if and when sites are developed, and when its future recoverability can be reasonably regarded as assured Otherwise they are written off to the profit and loss account as incurred

Pre-opening expenses incurred prior to the opening of new Motorway Service Areas are written off in the period in which they arise

1 Accounting policies (continued)

Intangible fixed assets
Intangible fixed assets are stated at cost less any accumulated amortisation and any provision for impairment, and are written off over their expected useful lives on a straight line basis as follows

Licences	Over the period of the licence

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

Freehold and long leasehold buildings	50 years
Long leasehold land	Over the term of the lease
Short leasehold land and buildings	Over the term of the lease

The cost of other tangible fixed assets comprises fixtures, fittings computer equipment and motor vehicles and is written off over their expected useful lives on a straight line basis as follows

Fixtures and fittings	5 - 25 years
Computer equipment	3 - 5 years
Motor vehicles	4 years

Assets in the course of construction are not depreciated and are transferred to their appropriate categories once completed

Revaluation of properties
Individual freehold, long leasehold and short leasehold properties are professionally valued at least every five years 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 intangible and tangible fixed assets
At each balance sheet date the Company reviews the carrying amounts of its 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 properties that have been previously revalued any impairment is initially recognised through the revaluation reserve with any excess impairment over previous increases in valuation being taken to the profit and loss account For other fixed assets if incurred, impairment is recognised immediately within the profit and loss account

Fixed asset investments
Fixed asset investments are stated at cost less provision for impairment.

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

1 Accounting policies (continued)

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

Exceptional items
Exceptional items comprise events or transactions which by virtue of their size and incidence the directors consider to be exceptional in nature and have been disclosed separately, in order to improve a reader's understanding of the financial statements

Loans and borrowings
Loans and borrowings are initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period

Deferred income
Deferred income represents advances received from various suppliers in respect of exclusive supply arrangements and is released to the profit and loss account over the period of each agreement Advances received from BP and Shell in relation to forecourts are released to the profit and loss account over the operational period of control transferred by the agreements in place

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

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

Leased assets Lessor
Rentals received under operating leases are credited in the profit and loss account on a straight line basis over each lease term

Leased assets Lessee
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 with other wholly owned subsidiaries of Delek Group Limited

2 Other exceptional items

	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Restructuring costs	**194**	12
Contract provision	**296**	2,081
Pre-opening expenses	**622**	600
Exceptional VAT	**615**	-
Other	**457**	268
	2,184	2 961

The restructuring costs relate to redundancy costs of employees and other fees incurred following a group reorganisation

The contract provision is in respect of supplier contract settlements and the pre-opening expenses relate to costs associated with McDonald's openings

The other items relate to exceptional write offs and penalty charges

Exceptional VAT

During the period ended 4 January 2011 the Company received refunds, net of third party professional fees, totalling £615,000 from HMRC This followed hearings involving The Rank Group plc which concluded that there had been a breach of fiscal neutrality in the treatment of gaming machine income as liable to VAT HMRC appealed the decision and issued protective assessments to recover the repayment in the event of a successful appeal On 30 October 2013 the Court of Appeal found in favour of HMRC Whilst The Rank Group plc has applied for leave to appeal to the Supreme Court HMRC is enforcing the protective assessments and recovering the VAT with interest As a result an exceptional operating charge of £615,000 and associated finance costs of £122,000 (note 5) have been recognised in the period ended 31 December 2013 The net refund of £615,000 was recognised in turnover in the period ended 4 January 2011

The tax impact of these items has been to reduce the current tax charge by £508,000 (1 January 2013 £725,000)

3 Employee costs

	Year ended 31 December 2013 Number	Year ended 1 January 2013 Number
Motorway Service Areas	**1,343**	1,101
Head office	**306**	253
	1,649	1,354

Their payroll costs comprised

	£'000	£'000
Wages and salaries	**20,294**	18,161
Social security costs	**1,328**	1,209
Other pension costs	**376**	411
	21,998	19,781

4 Directors' remuneration

	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Aggregate remuneration is respect of qualifying services	256	66
Aggregate of company contributions paid in respect of money purchase schemes	30	9
Number of directors accruing benefits under money purchase schemes	4	4
In respect of the highest paid director		
Aggregate remuneration	103	28
Company contributions paid in respect of money purchase schemes	13	4

There were no directors (1 January 2013 none) who were members of a defined benefit pension scheme

5 Interest payable and similar charges

	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Bank loans and overdrafts	64	97
Loans from group companies	7,222	6,145
Finance costs of loans from other group companies	358	385
Interest on exceptional VAT (note 2)	122	-
Other interest payable	421	288
	8,187	6,915

6 Operating profit

	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Operating profit is stated after charging/ (crediting)		
Depreciation of tangible fixed assets		
- owned assets	4,671	4,622
- leased assets	4,807	3,156
Amortisation of intangible fixed assets	18	-
Property revaluation gain	(143)	(629)
Amortisation of deferred income	(719)	(3,382)
Rental income from forecourts	(1,338)	-
Operating lease rentals		
- land and buildings	263	525
- plant and machinery	429	324
Auditor's remuneration - audit of the financial statements	20	10

The audit fees of the Company and fellow group companies within the UK totalling £310 000 (1 January 2013 £280,000), was borne by the Company

Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed since the consolidated accounts of MSA Acquisitions Co Limited, an intermediate parent company, are required to disclose non-audit fees on a consolidated basis

	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
In line with FRS 3, the following item has been charged after operating profit		
Loss on disposal of tangible fixed assets	546	-

7 Taxation

	Year ended 31 December 2013 £'000	Year ended 1 January 2013 £'000
Corporation tax		
Group relief payable	770	851
Adjustments in respect of prior years	(1,798)	(268)
Total current tax	(1,028)	583
Deferred tax		
Origination and reversal of timing differences	(314)	(5,919)
Adjustments in respect of prior years	(324)	-
Effect of decreased tax rate on deferred tax balance	1,038	-
Taxation on loss on ordinary activities	(628)	(5,336)

The total current tax charge is different to the standard rate of corporation tax in the United Kingdom of 23 25% (1 January 2013 24 5%) The material differences are reconciled below

Loss on ordinary activities before taxation	(1,328)	(157)
Loss on ordinary activities before taxation multiplied by the UK tax rate of 23 25% (1 January 2013 24 5%)	(309)	(38)
Capital allowances in excess of depreciation	(278)	(407)
Expenses not deductible for tax purposes	1,371	868
Capital gains transferred from group company	-	(681)
Adjustments in relation to prior years	(1,798)	(268)
Other timing differences	(14)	1,109
Current tax charge	(1,028)	583

The Company has surrendered group relief relating to the current and prior year from other group companies for £1,028,000 (1 January 2013 claimed group relief for £583,000) consideration

The Company has recognised deferred tax assets on decelerated capital allowances and other short term timing differences on the basis that the directors believe that these assets will be recoverable in future years The effect of this is that a there is a current year deferred tax debit to the Profit and Loss Account of £400,000 (1 January 2013 credit of £5,919,000) The deferred tax asset on decelerated capital allowances and other short term timing differences has been included in debtors (note 12)

Factors that may affect future tax charges

Decreases in the rate of UK corporation tax to 21% effective from 1 April 2014 and to 20%, effective from 1 April 2015, were substantively enacted during 2013 and therefore have been reflected in the Company's financial statements

Deferred taxation	31 December 2013 Amount provided £'000	31 December 2013 Not provided £'000	1 January 2013 Amount provided £'000	1 January 2013 Not provided £'000
Decelerated capital allowances	(5,212)	-	(3 839)	-
Property revaluations	-	35,878	-	33 220
Other short term timing differences	(1,891)	-	(2,080)	-
	(7,103)	35,878	(5,919)	33,220

On 28 May 2013, the directors completed the transfer of all the trade and assets of Takeabreak Motorway Services Limited, a fellow group company, to Roadchef Motorways Limited This includes a deferred tax asset of £1 584,000 transferred in, which is included in the above An unrecognised deferred tax liability of £7,848,000 relating to the revalued properties was also transferred in

8 Intangible fixed assets

	Licences £'000
Cost	
At 2 January 2013	-
Additions	211
At 31 December 2013	**211**
Amortisation	
At 2 January 2013	-
Charge for year	18
At 31 December 2013	**18**
Net book value	
At 31 December 2013	**193**
At 1 January 2013	-

The Company has made upfront payments to purchase licences relevant to the operation activities of the Company Licences have been granted for a period of 5 years, and this has been used as the expected useful life for the purpose of amortisation

9 Tangible fixed assets

	Land and buildings			Fixtures	
	Freehold £'000	Long leasehold £'000	Short leasehold £'000	fittings and equipment £'000	Total £'000
Cost or valuation					
At 2 January 2013	73,545	34,406	68,834	20,421	197,206
Additions	-	-	-	4,543	4,543
Disposals	-	-	-	(5,856)	(5,856)
Acquisitions from group companies			55,484	2,339	57,823
Transfers to group companies	-	-	-	(697)	(697)
Revaluation adjustment	1,861	2,575	(259)	-	4,177
At 31 December 2013	**75,406**	**36,981**	**124,059**	**20,750**	**257,196**
Depreciation					
At 2 January 2013	-	-	-	8,006	8,006
Charge for year	809	558	3,888	4,223	9,478
Disposals	-	-	-	(5,310)	(5,310)
Transfers to group companies	-	-	-	(223)	(223)
Revaluation adjustment	(809)	(558)	(3,888)	-	(5,255)
At 31 December 2013	-	-	-	**6,696**	**6,696**
Net book value					
At 31 December 2013	**75,406**	**36,981**	**124,059**	**14,054**	**250,500**
At 1 January 2013	73,545	34,406	68,834	12,415	189,200

Other tangible fixed assets includes assets with a cost of £2,500,000 (1 January 2013 £2 800 000) and accumulated depreciation of £736,000 (1 January 2013 £516,000) subject to finance leases

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 During 2012 a similar agreement was entered into with Shell

The cost of long leasehold land and buildings includes capitalised interest of £41,000 (1 January 2013 £41,000) The cost of short leasehold land and buildings includes capitalised interest of £772,000 (1 January 2013 £772,000)

The freehold and leasehold land and buildings were professionally valued by external valuers DTZ Debenham Tie Leung, as at 31 December 2013, on an open market for existing use basis, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual

The revaluation in the year gave rise to an overall gain in the year of £9,432,000 (1 January 2013 impairment of £2,957,000), of which £143,000 (1 January 2013 £629,000) was recognised in the Profit and Loss Account.

Certain properties are included within the amounts above on the basis that the Company has beneficial interest in them under various trust deeds entered into with subsidiary companies which hold the legal titles

10 Fixed asset investments

	Subsidiary undertaking £'000
Cost and net book value	
At 2 January 2013 and 31 December 2013	**1**

The Company's subsidiaries are listed below These companies are wholly owned non-trading and registered in England and Wales The shareholdings are in ordinary shares

RoadChef (Chester) Limited
RoadChef (Clacket Lane) Limited
RoadChef (Durham) Limited
RoadChef (Killington) Limited
RoadChef Costa Coffee Limited
Superlodge Limited
RoadChef (Pont Abraham) Limited
RoadChef (Rownhams) Limited
RoadChef (Sandbach) Limited
RoadChef (Sedgemoor) Limited
RoadChef Coffee Republic Limited

11 Stocks

	31 December 2013 £'000	1 January 2013 £'000
Raw materials and consumables	**1,199**	1,569
Goods for resale	**1,294**	1,171
	2,493	2,740

The replacement value of stock is not materially different than cost

12 Debtors

	31 December 2013 £'000	1 January 2013 £'000
Amounts falling due within one year		
Trade debtors	**5,599**	5,213
Amounts owed by group companies	**208,981**	219,955
Other debtors	**315**	562
Prepayments and accrued income	**1,087**	919
Deferred tax asset (note 7)	**7,103**	5,919
	223,085	232,568
Amounts falling due after more than one year		
Amount owed by group company	**302,520**	243,302
	525,605	475,870

13 Creditors amounts falling due within one year

	31 December 2013 £'000	1 January 2013 £'000
Bank overdraft	**1,419**	-
Unsecured loans (note 14)	**369**	312
Finance leases (note 14)	**388**	300
Trade creditors	**5,904**	8,514
Amounts owed to group companies	**369,781**	291,062
Other taxes and social security	**3,314**	4,090
Other creditors	**70**	123
Accruals	**5,347**	2,867
	386,592	307,268

14 Creditors amounts falling due after more than one year

	31 December 2013 £'000	1 January 2013 £'000
Unsecured loans	2,113	2,195
Finance leases	3,624	3,141
Amounts owed to group companies	120,257	98,162
	125,994	103,498

	31 December 2013 £'000	1 January 2013 £'000
Unsecured loan maturity		
Repayable in more than one year but not more than two years	368	325
Repayable in more than two years but not more than five years	1,103	976
Repayable in more than five years	642	894
	2,113	2,195
Repayable in one year or less	369	312
	2,482	2,507

	31 December 2013 £'000	1 January 2013 £'000
Finance lease maturity		
Repayable in more than one year but not more than two years	412	319
Repayable in more than two years but not more than five years	1,394	1,079
Repayable in more than five years	1,818	1 743
	3,624	3,141
Repayable in one year or less	388	300
	4,012	3,441

The finance leases are repayable as follows

	31 December 2013 £'000	1 January 2013 £'000
Repayable January 2011 to October 2023	5,135	4 480
	5,135	4,480
Less finance costs allocated to future periods	(1,123)	(1,039)
	4,012	3,441

Unsecured loans

The unsecured loan is repayable in equal monthly instalments of £31,000 between January 2014 and September 2020 No interest is charged on the unsecured loan

Finance leases

The finance leases are repayable in equal monthly instalments of £52 000 between January 2014 and December 2020, followed by decreasing amounts of monthly instalments between January 2021 and October 2023 Interest is charged at a rate of 6-7% per annum The finance leases are secured by charges over specific related assets

Amounts owed to group companies

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

15 Deferred income

	31 December 2013 £'000	1 January 2013 £'000
At 2 January 2013	**10,920**	9,355
Additions	**698**	4 947
Acquisitions	**843**	-
Credited to profit and loss account	**(719)**	(3,382)
At 31 December 2013	**11,742**	10,920

16 Share capital

	31 December 2013 £'000	1 January 2013 £'000
Allotted, called up and fully paid		
1,045,000 ordinary shares of £1 each	**1,045**	1,045

17 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 2 January 2013	17	118,391	127,160	**245,568**
Loss for the financial year	-	-	(700)	**(700)**
Revaluation of tangible fixed assets	-	9,289	-	**9,289**
Reserve transfer	-	(3,258)	3 258	**-**
At 31 December 2013	**17**	**124,422**	**129,718**	**254,157**

18 Reconciliation of movement in shareholder's funds

	31 December 2013 £'000	1 January 2013 £'000
At 2 January 2013	**246,613**	239 106
(Loss)/ profit for the financial year	**(700)**	5,179
Revaluation of tangible fixed assets	**9,289**	2,328
At 31 December 2013	**255,202**	246 613

19 Pension schemes

Defined contribution scheme

The Company operates a number of defined contribution pension schemes in respect of head office staff and senior executives The assets of these schemes are also held separately from those of the Company in independently administered funds The pension charge for the year for these schemes amounted to £339,000 (1 January 2013 £285,000) An amount of £nil (1 January 2013 £nil) is owed to the pension schemes at the period end

Defined benefit schemes

The Company participates in the Roadchef Motorways 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 Motorways Holdings Limited The Company pays the contributions to the scheme on behalf of other group companies, contributions made during the period were £660,000 (1 January 2013 £833,000), of which £503 000 (1 January 2013 £643 000) related to Roadchef Motorways Limited

The valuation of the scheme showed a deficit as at 31 December 2013 of £1 8m (1 January 2013 deficit £2 0m)

The Company also pays contributions to the Blue Boar Motorways Limited defined benefit pension scheme Contributions paid and recharged back to Blue Boar Motorways Limited during the period ended 31 December 2013 were £333,000 (1 January 2013 £344 000), of which £nil (1 January 2013 £nil) related to Roadchef Motorways Limited

20 Acquisitions

On 28 May 2013, the directors completed the transfer of all the trade and assets of Takeabreak Motorway Services Limited, a fellow group company, to Roadchef Motorways Limited The operation of Takeabreak Motorway Services Limited prior to this transfer was the operation of a double sided Motorway Service Area on the M5 ("Strensham") The net assets of Takeabreak Motorway Services Limited were transferred at fair value The consideration of £79,117,000 was satisfied against inter-company amounts owed

The book and fair values of the net assets at date of acquisition were as follows

	Book value £'000	Fair value £'000
Tangible assets	57,823	57,823
Stocks	289	289
Deferred tax asset	1,584	1,584
Amounts owed from group companies	20,792	20,792
Bank overdraft	(15)	(15)
Creditors due within one year	(513)	(513)
Deferred income	(843)	(843)
Net assets	79,117	79,117

	£'000
Consideration	**79,117**
Net assets acquired	**79,117**
Goodwill arising on acquisition	-

From the date of acquisition to 31 December 2013, Strensham contributed revenues of £18,388,000 to the Company and a loss after tax of £391,000

The results of Takeabreak Motorway Services Limited prior to the transfer of Stensham were as follows

Profit and loss account	Current period up to acquisition £'000	Year ended 1 January 2013 £'000
Turnover	10,297	28,177
Operating (loss)/ profit	(69)	569
Net finance costs	(920)	(2,365)
Loss on ordinary activities before taxation	(989)	(1,796)
Taxation on loss on ordinary activities	(447)	1,735
Loss for the period	(1,436)	(61)

Cash flows

The net outflow of cash arising from the acquisition of Strensham was as follows

	£'000
Bank overdraft acquired	(15)
Net outflow of cash	(15)

21 Financial commitments

The Company had annual commitments under non-cancellable operating leases as follows

	31 December 2013		1 January 2013	
	Land and buildings £'000	**Plant and machinery £'000**	Land and buildings £'000	Plant and machinery £'000
Expiry date				
Within one year	**160**	**134**	-	42
Between one and two years	**-**	**73**	-	221
Between two and five years	**82**	**79**	-	86
After more than five years	**-**	**-**	391	-
	242	**286**	391	349

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

22 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of certain fellow subsidiary companies The aggregate amount outstanding as at 31 December 2013 was £13,154,000 (1 January 2013 £11 795,000)

There are fixed and floating charges over the assets of the Company to secure loan notes issued by a fellow subsidiary company amounting to £145,184,000 (1 January 2013 £152,023,000)

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 Roadchef Motorways 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 31 December 2013, 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 years 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

23 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 31 December 2013 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