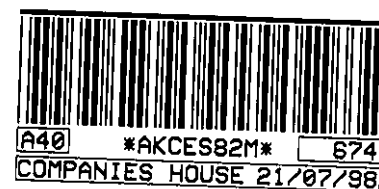


RoadChef Motorways Limited

Report and Accounts
For The 52 Weeks Ended 28 September 1997

Registration No. 1123082



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OFFICERS AND ADVISERS

Directors

T Ingram Hill, MBA FHCIMA FRSA (Chairman)
A L Cooper, BIAT
E C McVay, DMS MHCIMA DipM
S J Tucker, FIPD MIMgt
N D W Broughton, FCMA

Company Secretary

T J Warwick, MBA FCIS FRSA

Registered Office

RoadChef House
Gloucester Green
Barnett Way
Barnwood
Gloucester GL4 3GG
Tel: (01452) 623300
Fax: (01452) 623333

Auditors

Binder Hamlyn
Abbots House
Abbey Street
Reading
Berkshire RG1 3BD

Principal Bankers

Barclays Bank PLC
Pall Mall Corporate Banking Group
50 Pall Mall
PO Box 15161
London SW1A 1QA

Solicitors

Beachcroft Stanleys
20 Fumival Street
London
EC4A 1BN

Valuers

Drivers Jonas
6 Grosvenor Street
London W1X 0DJ

DIRECTORS' REPORT

The directors present their report together with the audited accounts of the company for the 52 weeks ended 28 September 1997.

Results and dividends

A summary of the results is given on page 6. The directors do not recommend the payment of a dividend and the retained profit has been transferred to reserves.

Business review and principal activity

The principal activity of the company is the provision of services to the travelling public.

The directors consider the results for the period to be satisfactory and expect a similar improvement in the results for the year ahead.

During the year the company opened its twelfth motorway service area, located in the M20 at Maidstone. A further site is currently being developed, in conjunction with Shell, at Chester on the M56. This site is scheduled for a Summer 1998 opening. The board is actively seeking new sites to maintain the expansion of the company's network, and, to this end has recently acquired two further sites, one on the M3 near Winchester, the other on the M1 near Chesterfield.

Directors and directors' interests

Details of the directors of the company who have served during the period under review, and their interests in the share capital of the parent company, as at the dates shown, are as follows:

	No. of 10p ordinary shares in RoadChef plc	
	At 28 September 1997	At 29 September 1996
T Ingram Hill	-	-
A L Cooper	3,040,300	3,039,300
E C McVay	1,006,500	1,029,500
S J Tucker	17,500	17,500
N D W Broughton - appointed 6 January 1997	45,500	-
R MacLellan - resigned 6 January 1997	-	-
P R Saunders - resigned 6 January 1997	-	17,500
S A Bower - resigned 6 January 1997	-	17,500

Mr T Ingram Hill and Mr R MacLellan (up to 6 January 1997) were also directors of the parent company, their share interests being disclosed in the accounts of that company.

Subsequent to the balance sheet date, Mr N Broughton was granted options over 1,060,000 shares in RoadChef plc, held by the RoadChef Employee Benefit Trust No. 2.

Directors' liability insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Employee involvement

The company pursues an active policy to encourage all members of staff to participate in the effective running and development of the business and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. The company also places considerable emphasis on staff training and development, organising regular internal and external courses, in addition to structured training programmes for all staff.

DIRECTORS' REPORT (CONTINUED)

Disabled persons

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

Charitable and political contributions

The company made charitable donations of £2,960 (1996:£nil). There were no contributions made to political parties.

Payment of creditors

It is the company's policy to follow guidelines set out in a regional payment charter. These guidelines are similar to those included in the CBI's code for prompt payment, a copy of which is available from the CBI.

Auditors

In accordance with Section 386 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

Statement of directors' responsibilities

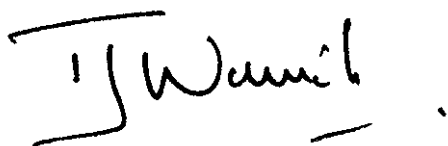
Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- * prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

By order of the board



T J Warwick
Company Secretary

24 April 1998

AUDITORS' REPORT

To the Shareholders of RoadChef Motorways Limited

We have audited the accounts on pages 6 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

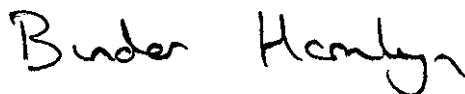
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 28 September 1997 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

24 April 1998

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 1997

		Continuing operations	
		52 weeks ended 28 September 1997	53 weeks ended 29 September 1996
	Notes	£'000	£'000
Turnover		133,344	113,318
Cost of sales		(102,875)	(85,396)
Gross profit		30,469	27,922
Administrative expenses		(22,453)	(21,539)
Operating profit	3	8,016	6,383
Capital grants	4	-	17
Profit on ordinary activities before interest		8,016	6,400
Interest receivable and similar income		40	31
Interest payable and similar charges	5	(3,970)	(3,627)
Profit on ordinary activities before taxation		4,086	2,804
Tax on profit on ordinary activities	6	(1,452)	(814)
Retained profit for the financial period	18, 19	2,634	1,990

The accompanying notes are an integral part of this profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 1997

		52 weeks ended 28 September 1997 £000	53 weeks ended 29 September 1996 £000
Profit for the financial period		2,634	1,990
Unrealised surplus on revaluations of freehold and leasehold land and buildings	18	29,065	-
Total recognised gains and losses relating to the period		31,699	1,990

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 1997

	52 weeks ended 28 September 1997 £'000	53 weeks ended 29 September 1996 £'000
Reported profit on ordinary activities before taxation	4,086	2,804
Difference between historical cost depreciation charge and actual depreciation charge for the period	157	233
Historical cost profit on ordinary activities before taxation	4,243	3,037
Historical cost profit for the financial period retained after taxation	2,791	2,233

The accompanying notes are an integral part of this statement of total recognised gains and losses and this note of historical cost profits and losses.

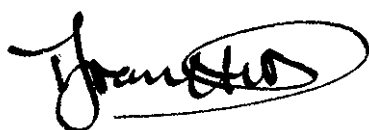
BALANCE SHEET

AT 28 SEPTEMBER 1997

	Notes	28 September 1997 £'000	29 September 1996 £'000
Fixed assets			
Tangible assets	8	137,477	103,169
Investments	10	1	1
		137,478	103,170
Current assets			
Stocks	11	3,285	2,708
Debtors	12	7,903	4,951
Cash at bank and in hand		5,045	287
		16,233	7,946
Creditors - amounts falling due within one year	13	13,492	13,367
Net current assets/(liabilities)		2,741	(5,421)
Total assets less current liabilities		140,219	97,749
Creditors - amounts falling due after more than one year	14	38,188	34,411
Provisions for liabilities and charges	15	716	878
Deferred income	16	18,681	11,525
Net assets		82,634	50,935
Capital and reserves			
Called-up share capital	17	1,045	1,045
Share premium account	18	17	17
Revaluation reserve	18	66,877	37,969
Profit and loss account	18	14,695	11,904
Equity shareholders' funds	19	82,634	50,935

The accompanying notes are an integral part of this balance sheet.

Approved by the board on 24 April 1998



T Ingram Hill
Chairman

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been selected and consistently applied throughout the period, and the preceding period, in order to present fairly the results and financial position of the company.

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention as modified to include the revaluation of certain freehold and leasehold properties.

Group accounts

As provided under Section 228 (1) of the Companies Act 1985, group accounts have not been prepared.

Turnover

Turnover consists of the amounts receivable from customers in the U.K., from the company's continuing activity, after the deduction of value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation.

No provision is made for the depreciation of freehold and long leasehold land and buildings. It is the company's practice to maintain these assets to a high standard through a programme of regular refurbishment and repair and it is considered that the residual values, based on prices prevailing at the time of acquisition or subsequent revaluation, and such that depreciation is not material.

Depreciation of short leasehold properties which have leases of less than 50 years, is calculated in accordance with actuarial tables, which write off each lease at an increasing level each year over the remaining term.

That part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account reserve.

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

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.

Interest and financing 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.

Pre-opening costs and development expenses

Costs incurred prior to the opening of new motorway service areas are written off in the period in which they arise. Development expenses on proposed new motorway service areas are carried forward and capitalised if developed, or otherwise written off.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of retail goods is computed by deducting the gross profit margin from the selling value of stock. The cost of all other stocks is determined by taking purchase price on a first in first out basis.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

Taxation

The corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced.

Pension costs

The regular cost of providing retirement pensions is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions payable to the scheme is shown as an asset or a liability in the balance sheet.

Deferred income

Deferred income represents advances received from suppliers in respect of exclusive supply arrangements and is released to the profit and loss account over the period of each agreement.

Leasing

Rentals paid under operating leases are charged against income on a straight line basis over each lease term.

2. CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued in the 52 weeks ended 28 September 1997 or the 53 weeks ended 29 September 1996.

3. OPERATING PROFIT

	52 weeks ended 28 September 1997 £'000	53 weeks ended 29 September 1996 £'000
Operating profit is stated after charging the following:		
Depreciation	2,644	2,340
Auditors' remuneration - audit	40	40
Management fees	1,250	1,150
Operating lease rentals - plant and equipment	9	11
- land and buildings	632	359

The auditors were also paid £20,000 (1996:£92,000) in respect of other services.

4. CAPITAL GRANTS

These are amounts specifically received towards the development costs of motorway service areas. The total received is credited to the profit and loss account over the period of the agreement and the balance is carried forward as part of deferred income.

NOTES TO THE ACCOUNTS

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 28 September 1997 £'000	53 weeks ended 29 September 1996 £'000
Bank overdrafts	283	256
Bank loans	3728	3371
	4,011	3,627
Less capitalised interest	(41)	-
	3,970	3,627

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 28 September 1997 £'000	53 weeks ended 29 September 1996 £'000
The charge on the profit for the period consists of:		
Current period:		
Corporation tax at 32% (1996: 33%)	1,414	831
Deferred taxation	(109)	23
Effect of tax rate change on deferred tax	(53)	-
Prior years:		
Corporation tax	200	(90)
Deferred taxation	-	50
	1,452	814

7. OPERATING LEASE COMMITMENTS

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

	28 September 1997 Land and buildings £'000	28 September 1997 Plant and equipment £'000	29 September 1996 Land and buildings £'000	29 September 1996 Plant and equipment £'000
Expiry date:				
Within one year	29	-	16	-
Between two and five years	6	4	29	4
After more than five years	664	5	261	7
	699	9	306	11

NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Short leasehold land and buildings £'000	Other £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
At 29 September 1996	16,800		73,928	22,864	1,845	115,437
Additions	-		14	3,401	4,577	7,992
Disposals	-		-	(338)	-	(338)
Transfers	-	6,394	(21)	49	(6,422)	-
Revaluation surplus	7,290	4,111	16,279	-	-	27,680
At 28 September 1997	24,090	10,505	90,200	25,976	-	150,771
Depreciation						
At 29 September 1996	-	-	898	11,370	-	12,268
Charge for period	-	-	517	2,127	-	2,644
Disposals	-	-	-	(233)	-	(233)
Transfers	-	-	-	-	-	-
Revaluation surplus	-	-	(1,385)	-	-	(1,385)
At 28 September 1997	-	-	30	13,264	-	13,294
Net book value						
At 28 September 1997	24,090	10,505	90,170	12,712	-	137,477
At 29 September 1996	16,800	-	73,030	11,494	1,845	103,169

Freehold, long leasehold and most short leasehold properties were professionally valued by Drivers Jonas on an open market for existing use basis as at 28 September 1997 as follows:

	Freehold £'000	Long leasehold £'000	Short leasehold £'000
Cost	-	-	51
Valuation - 1997	24,090	10,505	90,149
	24,090	10,505	90,200

If land and buildings had not been revalued they would have been included at the following amounts:-

	28 September 1997			29 September 1996		
	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Freehold £'000	Long leasehold £'000	Short leasehold £'000
Cost	8,673	6,394	45,446	8,673	-	45,453
Depreciation	-	-	(1,841)	-	-	(1,481)
Net book value	8,673	6,394	43,605	8,673	-	43,972

Long leasehold land and buildings includes capitalised interest of £41,000 (1996: £Nil).

Short leasehold land and buildings includes capitalised interest of £772,000 (1996: £772,000).

Certain properties are included within the amounts above on the basis that the company has beneficial interests in them under various trust deeds entered into with other group companies which hold the legal titles.

NOTES TO THE ACCOUNTS

9. CAPITAL COMMITMENTS

Future capital expenditure authorised by the board at 28 September 1997 against which contracts had been placed amounted to £Nil (1996:£3,239,000).

10. FIXED ASSET INVESTMENTS

The company's subsidiaries, all wholly owned and non-trading, are listed below. All the companies are registered in England, and the shareholdings are in ordinary shares.

RoadChef (Chester) Limited
RoadChef (Clacket Lane) Limited
RoadChef (Durham) Limited
RoadChef (Hamilton) Limited
RoadChef (Harthill) Limited
RoadChef (Killington) Limited
RoadChef (Maidstone) Limited
RoadChef (Pont Abraham) Limited
RoadChef (Rownhams) Limited
RoadChef (Sandbach) Limited
RoadChef (Sedgemoor) Limited
RoadChef (Taunton) Limited
Superlodge Limited

	28 September 1997 £'000	29 September 1996 £'000
Investments in subsidiaries	1	1

11. STOCKS

	28 September 1997 £'000	29 September 1996 £'000
Raw materials and consumables	255	250
Goods for resale	3,030	2,458
	3,285	2,708

12. DEBTORS

Amounts falling due within one year

	28 September 1997 £'000	29 September 1996 £'000
Trade debtors	2,599	2,759
Amount owed by group companies	4,891	1845
Other debtors	265	91
Prepayments	148	256
	7,903	4,951

NOTES TO THE ACCOUNTS

13. CREDITORS

Amounts falling due within one year

	28 September 1997 £'000	29 September 1996 £'000
Bank loans (secured)	1,200	-
Bank overdrafts (secured)	-	2,468
Trade creditors (secured)	1,910	2,489
Trade creditors (unsecured)	3,575	3,084
Amount owed to group companies	1	1
Other creditors	1,572	2,099
Other taxes and social security	1,834	968
Accruals	1,924	1,560
Corporation tax	1,476	698
	13,492	13,367

The secured trade creditors and bank loans are secured by fixed charges over certain assets of the company.

14. CREDITORS

Amount falling due after more than one year

	Average interest rate	28 September 1997 £'000	29 September 1996 £'000
Bank loans			
1995/2010	9.88%	35,000	35,000
1996/2010	8.20%	5,000	-
		40,000	35,000
Less payable within one year		(1,200)	-
Less financing costs allocated to future periods		(612)	(589)
		38,188	34,411
Not wholly repayable within five years:			
Repayable by instalments			
- due within five years		7,775	4,800
- due in more than five years		32,225	30,200
		40,000	35,000
Aggregate amounts repayable			
Within one year		1,200	-
Between one and two years		1,200	1,200
Between two and five years		5,375	3,600
In five years or more		32,225	30,200
		40,000	35,000

The bank loans are secured by fixed charges over certain assets of the company.

NOTES TO THE ACCOUNTS

15. PROVISIONS FOR LIABILITIES AND CHARGES

	28 September 1997	28 September 1997	29 September 1996	29 September 1996
	Amount provided	Potential	Amount provided	Potential
	£'000	£'000	£'000	£'000
Deferred taxation				
Accelerated capital allowances	738	1,606	886	1,465
Other timing differences	(22)	230	(8)	247
Property revaluations	-	17,000	-	8,624
	716	18,836	878	10,336

Deferred taxation is calculated at 31% (1996: 33%)

In the opinion of the directors, any capital gains tax arising on disposal of freehold and leasehold properties in the normal course of business would be deferred by rollover relief.

16. DEFERRED INCOME

Deferred income balances amounting to £7,191,000 (1996: £7,021,000) are secured by fixed charges over certain assets of the company.

17. CALLED-UP SHARE CAPITAL

	28 September 1997	29 September 1996
	£'000	£'000
Authorised		
2,500,000 ordinary shares at £1 each	2,500	2,500
Allotted and fully paid		
1,045,000 ordinary shares at £1 each	1,045	1,045

18. RESERVES

	Share premium account	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 29 September 1996	17	37,969	11,904	49,890
Profit for the period	-	-	2,634	2,634
Transfer	-	(157)	157	-
Revaluation surplus	-	29,065	-	29,065
At 28 September 1997	17	66,877	14,695	81,589

NOTES TO THE ACCOUNTS

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	52 weeks ended 28 September 1997 £'000	53 weeks ended 29 September 1996 £'000
Profit for the financial period	2,634	1,990
Revaluation surplus	29,065	-
Total recognised gains for the period	31,699	1,990
Opening shareholders' funds	50,935	48,945
Closing shareholders' funds	82,634	50,935

20. CONTINGENT LIABILITY

At 28 September 1997 a contingent liability of £1,620,000 (1996:£1,620,000) existed in respect of loans advanced to the group's employee benefits trusts and guaranteed by the company.

21. DIRECTORS' EMOLUMENTS

	52 weeks ended 28 September 1997 £000	53 weeks ended 29 September 1996 £000
Emoluments	305	278
Compensation of loss of office to former directors	51	-
Company contributions to money purchase pension schemes	15	14
	371	292

The number of directors who were members of pension schemes were as follows:

	52 weeks ended 28 September 1997	53 weeks ended 29 September 1996
Money purchase schemes	6	5
Defined benefit schemes	6	5

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	52 weeks ended 28 September 1997 £000	53 weeks ended 29 September 1996 £000
Emoluments	82	78
Company contributions to money purchase pension schemes	4	4

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 28 September 1997 was £23,000 (1996: £22,000)

NOTES TO THE ACCOUNTS

23. STAFF NUMBERS AND COSTS

The average number of persons employed by the company, including directors, during the period was:

	52 weeks ended 28 September 1997	53 weeks ended 29 September 1996
Operational	1,000	1,047
Management and administration	112	122
	1,112	1,169

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 28 September 1997	53 weeks ended 29 September 1996
	£000	£000
Wages and salaries	9,735	9,941
Social security costs	662	739
Pension costs	202	193
	10,599	10,873

24. PENSION SCHEMES

The company participates in the group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 June 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries. It is assumed that investment returns will be 8.5% per annum and that salary increases will average 6.5% per annum.

The pension charge for the period in respect of the group pension scheme was £186,000 (1996: £136,000). The market value of the scheme's assets as at 1 June 1995 was £2,495,800. The actuarial value of these assets as at 1 June 1995 represented 135% of the accrued benefits.

The contributions of the company and employees is currently 7.1% and 5.0% respectively.

The company also operates a number of defined contribution pension schemes in respect of senior executives. The assets of these schemes are held separately from those of the company in independently administered funds. The pension charge for the period for these schemes amounted to £16,000 (1996: £57,000).

21. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of RoadChef plc. The group accounts of RoadChef plc are available at Companies House, Crown Way, Maindy, Cardiff CF4 3UZ. No disclosure of transactions with group companies has been given in these accounts, as permitted by the exemptions available under FRS 8 "Related Party Disclosures".