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ROADCHEF LIMITED  
REPORT AND ACCOUNTS  
53 WEEKS ENDED 7TH JUNE, 1987

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ROADCHEF LIMITED

## OFFICERS AND ADVISERS

Directors	E. Bryan - Chairman
	T. Ingram Hill, F.H.C.I.M.A. - Managing
	C. N. Aydon, A.C.M.A.
	A. L. Cooper, M.B.I.A.I.
	M. J. Edgington, A.C.C.A.
	R. E. Hill
	M. A. Stunell, F.C.C.A.
Secretary	M. A. Stunell, F.C.C.A.
Registered Office	Provincial House, 45 Northgate Street, Gloucester, GL1 2AJ
Auditors	Edmund R. Gibbs & Co., 46 St. Giles', Oxford, OX1 3LI
Bankers	Barclays Bank PLC, 1 Pall Mall East, London, SW1Y 5AX
Solicitors	Crawfords Berwald, 21 Bentinck Street, London, W1M 5RL
	McGrigor Donald, Pacific House, 70 Wellington Street, Glasgow, G2 6SD

ROADCHIEF LIMITED

## REPORT OF THE DIRECTORS

The Directors present their report together with the audited accounts of the Company for the 53 weeks ended 7th June, 1987.

**Principal Activities**

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

**Results and Dividends**

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

**Business Review**

The period under review saw the complete redevelopment of Hamilton Service Area and major extensions to the main buildings at Sandbach and Taunton Deane North. These new facilities together with the first full year's trading at the sites redeveloped last year continued the Company's growing profit record.

The Board is planning two further major extensions and the complete redevelopment of Bothwell during 1987/88 which together with the proposed upgrading of two of the Company's larger forecourts will continue the upward trend in the levels of profitability.

**Directors and Directors' Interests**

The following Directors served during the period under review:-

C. N. Aydon  
E. Bryan  
A. L. Cooper  
M. J. Edgington  
R. E. Hill  
T. Ingram Hill  
M. A. Stunell

The Directors are also Directors of the ultimate holding company, and their group share interests are disclosed in the accounts of that company.

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

Mr. P. Gee served as a Director during the period under review until his death on 14th August, 1986.

**Fixed Assets**

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

ROADCHIEF LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

**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.

In April 1987 the holding company launched an Employee Share Ownership Plan in conjunction with Unity Trust PLC. The scheme enables shares to be allotted to all employees of the Company with over three years service. The Board is confident that this will further extend the participation and interest in the Company of all employees.

Information regarding the Company is made available through a corporate brochure, annual staff report, newsletters and bulletins. In addition the Company has now introduced for distribution to all ESOP participants regular reports and a comprehensive guide to the new share ownership plan.

The Company encourages all staff to attend its own regular training meetings, external courses and to take an active interest in all matters affecting them.

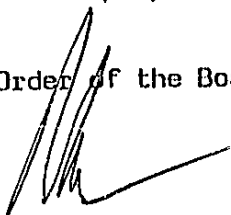
**Disabled Persons**

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.

**Auditors**

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

By Order of the Board



M. A. Stunell  
Secretary

11th September, 1987

ROADCHEF LIMITED

## REPORT OF THE AUDITORS TO THE MEMBERS OF

ROADCHEF LIMITED

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

In our opinion the accounts give a true and fair view of the state of the affairs of the Company at 7th June, 1987 and of the profit and source and application of funds for the period ended on that date and have been properly prepared in accordance with the Companies Act 1985.

*Edmund R. Gibbs & Co.*

EDMUND R. GIBBS & CO.  
Certified Accountants

46 St. Giles',  
Oxford,  
OX1 3LT

11th September, 1987

ROADCHIEF LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 7TH JUNE, 1987

	<u>Notes</u>		<u>52 Weeks Ended 1st June, 1986</u>
Turnover	2	42,384,913	38,206,519
Cost of Sales		(32,410,136)	(30,344,608)
Gross profit		9,974,777	7,861,911
Administrative expenses		(8,168,038)	(6,577,716)
Capital grants	3	44,392	66,672
Interest receivable		10,249	105
Interest payable	4	(778,567)	(690,130)
Profit on ordinary activities before taxation	5	1,082,813	660,842
Taxation	6	(588,000)	(264,000)
Profit on ordinary activities after taxation		494,813	396,842
Extraordinary item	7	130,000	-
Profit for the financial period		<u>£624,813</u>	<u>£396,842</u>

ROADCHEF LIMITED

## BALANCE SHEET AT 7TH JUNE, 1987

	Notes		1st June, 1986
<b>Fixed Assets</b>			
Tangible assets	8	23,725,060	23,049,565
Investments	9	<u>700</u>	<u>700</u>
		23,725,760	23,050,265
<b>Current Assets</b>			
Stock		1,170,949	824,481
Debtors	10	1,037,338	1,378,595
Cash at bank and in hand		<u>23,840</u>	<u>198,741</u>
		2,232,127	2,401,817
Creditors - amounts falling due within one year	11	<u>6,399,026</u>	<u>5,584,320</u>
Net Current Liabilities		<u>4,166,899</u>	<u>3,182,503</u>
Total Assets less Current Liabilities		<u>£19,558,861</u>	<u>£19,867,762</u>
Creditors - amounts falling due after more than one year	12	6,602,716	7,492,038
Provisions for Liabilities and Charges	13	170,000	170,000
Deferred Income	14	331,205	375,597
<b>Capital and Reserves</b>			
Called up share capital	15	1,045,000	1,045,000
Share premium account	16	16,667	16,667
Revaluation reserve	16	10,648,000	10,648,000
Profit and loss account	16	<u>745,273</u>	<u>120,460</u>
		<u>12,454,940</u>	<u>11,830,127</u>
		<u>£19,558,861</u>	<u>£19,867,762</u>

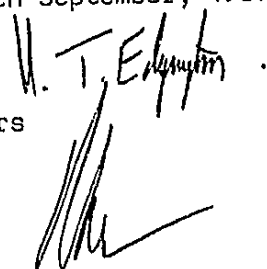
Approved by the Board on 11th September, 1987

M. J. Edgington

) Directors

M. A. Stunell

)



## ROADCHIEF LIMITED

### NOTES TO THE ACCOUNTS

#### 1. Accounting Policies

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

##### (a) Basis of Accounting

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

##### (b) Fixed Assets

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

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

##### (c) Stock

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

##### (d) Deferred Taxation

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

#### 2. Turnover

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

#### 3. Capital Grants

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

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 4. Interest Payable

Barclays Bank PLC

	<u>1987</u>	<u>1986</u>
Overdraft	58,954	125,923
Loans Repayable After 5 Years	<u>719,613</u>	<u>564,207</u>
	<u>£778,567</u>	<u>£690,130</u>

## 5. Profit on Ordinary Activities

This is stated after charging the following:-

	<u>1987</u>	<u>1986</u>
	£	£
Depreciation	946,255	727,844
Loss on Sale of Assets	115,702	8,821
Auditors Remuneration	12,600	11,600
Directors Remuneration	185,263	121,229
Management Fees	<u>90,000</u>	<u>75,000</u>

## 6. Taxation

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

	<u>1987</u>	<u>1986</u>
Corporation Tax at 35% (1986: 39.167%)	586,000	214,000
Deferred Taxation	-	50,000
Prior Year Adjustment	<u>2,000</u>	<u>-</u>
	<u>£588,000</u>	<u>£264,000</u>

## 7. Extraordinary Item

This represents the proceeds of a life assurance policy from which a special contribution of £300,000 was made to the Employee Profit Sharing Trust. This contribution was used for the initial purchase of shares for the ultimate holding company's Employee Share Ownership Plan.

This item is shown net of a provision for taxation of £70,000.

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 8. Fixed Assets

	<u>Freehold Land and Buildings</u>	<u>Leasehold Land and Buildings</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost or Valuation</u>					
At 1st June, 1986	1,724,225	18,484,284	4,619,209	254,288	25,082,006
Disposals	-	-	(219,286)	(90,718)	(310,004)
Additions	(940)	992,063	600,652	172,236	1,764,011
At 7th June, 1987	1,723,285	19,476,347	5,000,575	335,806	26,536,013
<u>Depreciation</u>					
At 1st June, 1986	-	227,605	1,717,534	87,302	2,032,441
Disposals	-	-	(118,539)	(49,204)	(167,743)
Charge for Period	-	407,836	471,037	67,382	946,255
At 7th June, 1987	-	635,441	2,070,032	105,480	2,810,953
<u>Net Book Values</u>					
At 7th June, 1987	1,723,285	18,840,906	2,930,543	230,326	£23,725,060
At 1st June, 1986	1,724,225	18,256,679	2,901,675	166,986	£23,049,565

Freehold and leasehold property included at valuation comprises:-

Cost	596,285	10,764,347
Revaluations 75-85	207,000	5,826,000
Revaluation 1986	<u>920,000</u>	<u>2,886,000</u>
	<u>£1,723,285</u>	<u>£19,476,347</u>

## 9. Investments

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

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

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

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

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 10. Debtors

	<u>1987</u>	<u>1986</u>
Owed by ultimate holding company	236,663	-
Owed by fellow subsidiaries	14,878	753,667
Trade debtors	638,073	489,227
Other debtors	54,096	57,484
Prepayments	93,628	78,217
	<u>£1,037,338</u>	<u>£1,378,595</u>

## 11. Creditors

	<u>1987</u>	<u>1986</u>
Amounts falling due within one year		
Amount owed to fellow subsidiary	-	46,432
Amount owed to ultimate holding company	-	185,983
Amounts owed to subsidiaries	700	700
Trade creditors (secured)	843,155	645,430
Trade creditors (unsecured)	2,418,667	1,999,491
Other creditors	447,179	860,474
Taxes and social security	488,991	413,435
Accruals	503,134	277,468
Bank overdraft	74,832	-
Proportion of long term loans	803,758	803,758
Hire purchase accounts	162,610	137,149
Corporation tax	656,000	214,000
	<u>£6,399,026</u>	<u>£5,584,320</u>

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

## 12. Creditors

Amounts falling due after more than one year

Loans from Barclays Bank PLC

	<u>1987</u>	<u>1986</u>
1984/92 - Average interest rate 12.7%	2,333,000	2,722,000
1985/92 - Average interest rate 12.7%	376,000	438,000
1986/93 - Average interest rate 12.8%	700,000	800,000
1986/93 - Average interest rate 12.7%	500,000	500,000
1986/93 - Average interest rate 12.7%	<u>1,500,000</u>	<u>1,500,000</u>
	5,409,000	5,960,000

ROADCHIEF LIMITED  
NOTES TO THE ACCOUNTS

12. Creditors (continued)

	<u>1987</u>	<u>1986</u>
Loans from Barclays Bank PLC (continued)		
Brought forward	5,409,000	5,960,000
Other loans		
1984/94	781,346	890,371
1985/90	62,223	83,556
1986/96	<u>1,091,400</u>	<u>1,213,800</u>
	7,343,969	8,147,727
Less repayable within one year	<u>803,758</u>	<u>803,758</u>
	6,540,211	7,343,969
Hire purchase accounts	<u>62,505</u>	<u>148,069</u>
	<u>£6,602,716</u>	<u>£7,492,038</u>

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

13. Provisions for Liabilities and Charges - Deferred Taxation

	<u>1987</u>		<u>1986</u>	
	<u>Amount Provided</u>	<u>Amount Unprovided</u>	<u>Amount Provided</u>	<u>Amount Unprovided</u>
Accelerated capital allowances	170,000	415,000	170,000	477,000
Revaluation of leasehold and freehold property	<u>-</u>	<u>3,400,000</u>	<u>-</u>	<u>2,952,000</u>
	<u>£170,000</u>	<u>£3,815,000</u>	<u>£170,000</u>	<u>£3,429,000</u>

Deferred taxation is calculated at 35%.

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

14. Deferred Income

	<u>1987</u>	<u>1986</u>
Balance brought forward	375,597	442,269
Credited to profit and loss account in the period	<u>(44,392)</u>	<u>(66,672)</u>
Balance carried forward	<u>£331,205</u>	<u>£375,597</u>

ROADCHIEF LIMITED  
NOTES TO THE ACCOUNTS

## 15. Share Capital

	<u>1987</u>	<u>1986</u>
Authorised: 2,500,000 ordinary shares of £1 each	<u>£2,500,000</u>	<u>£2,500,000</u>
Issued: 1,045,000 ordinary shares of £1 each	<u>£1,045,000</u>	<u>£1,045,000</u>

## 16. Reserves

	<u>Share Premium Account</u>	<u>Revaluation Reserve</u>	<u>Profit &amp; Loss Account</u>	<u>Total</u>
At 1st June, 1986	16,667	10,648,000	120,460	10,785,127
Retained profit	-	-	624,813	624,813
At 7th June, 1987	16,667	10,648,000	745,273	£11,409,940

## 17. Staff Numbers and Costs

The average number of persons employed by the Company (including Directors) during the period was 749 (1986: 677).

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

	<u>1987</u>	<u>1986</u>
Wages and salaries	3,812,476	3,246,686
Social security costs	320,315	283,447
Other pension costs	<u>57,657</u>	<u>62,195</u>
	<u>£4,190,448</u>	<u>£3,592,328</u>

## 18. Directors Remuneration

Excluding pension contributions, the remuneration of the Chairman was £NIL (1986 - nil) and the highest paid Director was £33,602 (1985 - £21,155). The remuneration of the other Directors was within the following ranges.

	<u>1987 Number</u>	<u>1986 Number</u>
£0 - £5,000	1	-
£10,001 - £15,000	1	1
£15,001 - £20,000	1	1
£20,001 - £25,000	-	2
£25,001 - £30,000	3	-

ROADCHEF LIMITED

## NOTES TO THE ACCOUNTS

## 19. Ultimate Holding Company

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

## 20. Capital Commitments

Future capital expenditure authorised by the board at 7th June, 1987 amounted to £1,115,000 (1986: £351,000) against which contracts amounting to £101,000 (1986: £303,000) had been placed.

ROADCHEF LIMITED

## SOURCE AND APPLICATION OF FUNDS

53 WEEKS ENDED 7TH JUNE, 1987

52 Weeks Ended  
1st June, 1986

## Funds From Trading Operations

Profit on ordinary activities  
before taxation1,082,813  
200,000660,842  
-

Extraordinary item before taxation

1,282,813

660,842

Adjustment For Items Not Involving The  
Movement of Funds

Depreciation

946,255

727,844

Loss on disposal of assets

115,702

8,821

Capital grants

(44,392)(66,672)1,017,565669,993

2,300,378

1,330,835

## Total Generated From Operations

## Funds From Other Sources

Disposal of assets

26,559

37,262

Hire purchase finance

125,333

328,145

Loans

-3,474,000151,8923,839,407

2,452,270

5,170,242

## Application of Funds

Purchase of fixed assets

1,764,011

4,315,170

Repayment of hire purchase

185,435

112,228

Repayment of loans

803,759

591,558

Taxation paid

216,000

-

Working capital requirements:

Increase/(decrease) in stock

346,468

(121,908)

Increase/(decrease) in debtors

(341,257)

(430,420)

(Increase)/decrease in creditors

(272,413)393,4192,702,0034,860,047

Increase/(decrease) in Cash Balances

£ (249,733)£ 310,195