Westmorland Limited

Directors' report and consolidated financial statements

Registered number 5357857

1 July 2013

Contents

Directors' report

The directors have pleasure in presenting their directors' report and financial statements of the Group for the period ended 1 July 2013

Principal activities

The principal activity of the Group during the period was the operation of Tebay Motorway Service Area (MSA), J38 Truck Stop, Westmorland Hotel and the Rheged Centre

We are very pleased with the business performance over the last year in spite of the continuing uncertainty in the economic environment The business recorded strong growth in turnover (excluding equity accounted investments) of 3 4% to £40 6m while maintaining a consistent gross profit margin of 31 8% *(2012 31 7%)* These factors, combined with a reduction in administrative expenses and an increase in the Group's share of income from its long standing equity accounted investments, resulted in a £0 7m increase in operating profit to £1 7m *(2012 £1 0m)* The Group's cash flow remains strong, reporting a net cash inflow from operating activities of £4 4m *(2012 £2 2m net cash inflow)* after accounting for a £1 7m increase in trade creditors arising from the Gloucester MSA construction (see below)

Consolidated net assets have increased by £1 1m and now stand at £16 6m *(2012 £15 5m)* The Group's fixed asset base is very strong and includes £17 4m of freehold land and property and £12 6m of assets in the course of construction in relation to our Gloucester MSA site (see below) Net debt stands at £10 0m *(2012 £3 8m)* following the successful refinancing of our banking facilities in addition to further investment from the Group's shareholders

The longer term strategic objectives of the Group have significantly moved forward in the second half of the year when construction started on our new MSA on the M5 near Gloucester Progress to date on the 60 week build has been excellent and we expect the northbound service area to open for business in June 2014 The costs incurred for this project to date of £12 6m *(2012 £2 9m)* have been included within tangible fixed assets

We have continued with planned investment in our Tebay MSA business including the completion of forecourt renewal works at the Northbound site and the creation of a new outdoor eating facility at the Southbound site Areas of the car park and entrance have been replaced at J38 Truck stop in addition to refurbishment works at the forecourt shop Significant investment was made at the Westmorland Hotel with the complete refurbishment of executive bedrooms and the Rheged Centre completed its installation of a Biomass heating solution in addition to significant refurbishment of its largest retail units

Each year we have consistently invested a significant amount of capital and incurred revenue refurbishment costs in improving our facilities and improving what we can offer to our customers All improvements have been well received by our customers and last year we were delighted to be the first UK motorway service area to be awarded 5 star status by Visit England for our Tebay Southbound MSA

The MSA business had an excellent year with revenues, excluding fuel, increasing on the prior year Unlike our competitors, we do not have any franchises within our MSA business model and continually strive to provide an excellent offer to our customers We have also enhanced both commercial and financial management and controls within our operations which have contributed to the strong performance in the year We look forward to building on this in 2013/14 and will apply all our experience and expertise when the new MSA at Gloucester opens in 2014

Junction 38 truck stop also performed well with revenues, excluding fuel, increasing on the prior year The forecourt shop, fully refurbished last year, is performing strongly, as is the main village shop and restaurant We continue to enhance our offer and service levels to meet the needs of our Truck stop customers

KPIs used in the MSA and J38 businesses are vehicle turn-in rates, transactions, average spends, gross margin and labour efficiency Principal risks include the impact on travel and spending in an economic downturn together with prolonged periods of bad weather which also affect travel patterns

The Westmorland Hotel had a satisfactory year with revenues increasing on the prior year Hotel accommodation performed well and was underpinned by the high activity levels at the hotel's web site The restaurant, which was refurbished last year, has performed well and plans are in place to continue the refurbishment of our bedrooms Conference business and functions remains a challenging environment but one where there are signs of improvement as we adapt to a changing requirements of our corporate customers

KPIs used in the hotel business are revenue per available room, occupancy, diner/sleeper ratios and average spends Principal risks include the impact of a poor economy through reduced occupancy and expenditure on conference business, and also hotel room price competition in a very competitive market

Directors' report *(continued)*

Principal activities *(continued)*

We have continued to upgrade many of our offers at the Rheged Centre with a significant increase in exhibitions, arts and cultural events and functions Consequently, we have seen an increase in visitor numbers to the centre, a trend that has continued into 2013/14 Our refurbished retail shops, new gallery and catering outlets have performed well and, although the conference market remains challenging, some recovery has been noted recently

KPIs for Rheged include footfall, transactions, average spends, conference business, gross margin and labour efficiency Principal risks are as for our MSA business

The company primarily operates in the travel and tourism industry Motorway Service Area business is a regulated and capital intensive business with high barriers to entry and is dependent on passing traffic Our Hotel and Rheged business is dependent on UK travel and tourism levels, together with conference and function business

Principal uncertainties are:

- Fuel prices – volatile fuel prices have an adverse impact on both fuel volumes sold and footfall in our forecourts
- Competition risk – in our MSA business there is reduced competition risk as the industry is regulated and requires high capital investment
- Credit risk – the majority of sales are cash or credit card therefore the Group is not exposed to any significant credit risk The Group's credit risk is primarily attributable to external trade debtors Where credit is given the Group perform appropriate credit checks and enforces credit control procedures
- Liquidity risk – the group monitors its cash flows carefully and has traded within its facilities throughout the year
- Supplier risk – contracts are in place with all our key suppliers along with regular supplier meetings and reviews

The Group monitors its cash flow regularly to ensure that it works within its facilities Its operations are financed through bank facilities, term loans and retained profits

Results and dividends

The profit for the period, after taxation, amounted to £1,153,000 *(2012 £724,000)* No dividends have been paid in the current year *(2012 £20,000)*

Directors

The directors who served the company during the year were as follows

Mr JC Dunning
Mrs SB Dunning
Mrs JME Lane
Mr L King
Mr BM Gray

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

Mrs SB Dunning
Director

Westmorland Place
Orton
Penrith
Cumbria, CA10 3SB
16/12/2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Westmorland Limited

We have audited the financial statements of Westmorland Limited for the period ended 1 July 2013 set out on pages 6 to 26 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 4, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 1 July 2013 and of the group's profit for the period then ended,
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Westmorland Limited *(continued)*

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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Stephen Dunn
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Edward VII Quay
Navigation Way
Ashton on Ribble
Preston
PR2 2YF

20-12- 2013

Consolidated Profit and Loss Account

for the period ended 1 July 2013

	Note	**2013 £000**	**2013 £000**	2012 £000	2012 £000
Turnover (including equity accounting investments)	*2*		**49,616**		46,686
Less Turnover of equity accounted investments			**(8,992)**		(7,392)
Turnover			**40,624**		39,294
Cost of sales			**(27,713)**		(26,840)
Gross profit			**12,911**		12,454
Administrative expenses			**(11,518)**		(11,654)
Charges arising from fixed asset disposals			**(3)**		(4)
Other operating income			**33**		33
Share of income from equity accounted investments			**243**		123
Operating profit	*3*		**1,666**		952
Interest receivable			**26**		-
Interest payable and similar charges	*6*		**(207)**		(95)
Profit on ordinary activities before taxation			**1,485**		857
Tax on profit on ordinary activities	*7*	**(283)**		(124)	
Share of tax from equity accounted investments	*7*	**(49)**		(9)	
			(332)		(133)
Profit for the financial period			**1,153**		724

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

Consolidated Balance Sheet
at 1 July 2013

	Note	2013		2012	
		£000	**£000**	£000	£000
Fixed assets					
Tangible fixed assets	*9*		**31,827**		22,484
Negative goodwill	*10*		**(998)**		(998)
Equity accounted investments	*11*		**557**		646
			31,386		22,132
Current assets					
Stocks	*12*	**1,208**		1,317	
Debtors	*13*	**2,009**		1,881	
Cash at bank and in hand		**1,844**		554	
		5,061		3,752	
Creditors amounts falling due within one year	*14*	**(9,917)**		(7,591)	
Net current liabilities			**(4,856)**		(3,839)
Total assets less current liabilities			**26,530**		18,293
Creditors: amounts falling due after more than one year	*15*		**(7,949)**		(681)
Provisions for liabilities					
Deferred taxation	*17*		**(167)**		(287)
Government grants	*18*		**(1,786)**		(1,850)
Net assets			**16,628**		15,475
Capital and reserves					
Called up share capital	*21*		**-**		-
Share premium account	*22*		**4,048**		4,048
Profit and loss account	*23*		**12,580**		11,427
Shareholders' funds	*24*		**16,628**		15,475

These financial statements were approved by the board of directors on 16 December 2013 and were signed on its behalf by

Mr J C Dunning
Director

Mrs S B Dunning
Director

Company registered number 5357857

Company Balance Sheet
at 1 July 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible fixed assets	*9*		**18,425**		21,728
Investments	*11*		**6,059**		6,059
			24,484		27,787
Current assets					
Stocks	*12*	**1,142**		1,286	
Debtors	*13*	**11,435**		576	
Cash at bank and in hand		**1,085**		58	
		13,662		1,920	
Creditors: amounts falling due within one year	*14*	**(9,315)**		(8,661)	
Net current liabilities			**4,347**		(6,741)
Total assets less current liabilities			**28,831**		21,046
Creditors amounts falling due after more than one year	*15*		**(7,357)**		(681)
Provisions for liabilities					
Deferred taxation	*17*		**(167)**		(287)
Government grants	*18*		**(1,786)**		(1,850)
Net assets			**19,521**		18,228
Capital and reserves					
Called up share capital	*21*		**-**		-
Share premium account	*22*		**4,048**		4,048
Profit and loss account	*23*		**15,473**		14,180
Shareholders' funds	*24*		**19,521**		18,228

These financial statements were approved by the board of directors on 16 December 2013 and were signed on its behalf by

JDunning Sarah D

Mr J C Dunning
Director

Mrs S B Dunning
Director

Company registered number 5357857

Consolidated Cash Flow Statement

for the period ended 1 July 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	*25*	**4,359**	2,186
Dividends from associates and joint ventures	*25*	**285**	100
Returns on investments and servicing of finance	*25*	**(205)**	(95)
Taxation	*25*	**(339)**	(423)
Capital expenditure and financial investment	*25*	**(10,274)**	(1,546)
Equity dividends paid	*25*	**-**	(20)
Cash (outflows)/inflows before financing		**(6,174)**	202
Financing	*25*	**9,281**	(1,208)
Increase/(decrease) in cash	*25*	**3,107**	(1,006)

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Going concern

These accounts have been prepared on a going concern basis which the directors believe to be appropriate since the business is strongly asset backed with a good record of profit and cash generation and is forecast to remain so

The Group monitors its cash flow regularly to ensure that it works within its facilities Its operations are financed through bank facilities, term loans and retained profits

The Group refinanced its facilities in September 2013 and a new £5m, 10 year term loan was negotiated

Financial forecasts show the Group will continue to trade profitably, generate cash and trade within its banking facilities throughout the forecast period

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 1 July 2013 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet

Where a group company is party to a joint arrangement which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows Such arrangements are reported in the consolidated financial statements on the same basis

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

Goodwill and negative goodwill

Negative goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging/(crediting) the unamortised amount of any related goodwill/(negative goodwill)

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold Property	-	2% straight line per annum
Leasehold Property	-	Straight line over the life of lease
Fixtures & Fittings	-	10% straight line / 25% reducing balance per annum
Motor Vehicles	-	25% reducing balance per annum

No depreciation is provided on freehold land

Long term project costs are not depreciated until the related assets are brought into use Interest on borrowings used to fund the project is capitalised as part of the cost of the project under the provisions of FRS 15

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Notes *(continued)*

1 Accounting policies *(continued)*

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value Cost is determined by latest supplier invoice price which, due to the nature of the stock, represents a first in first out basis

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers during the period

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	Turnover including equity accounted investments		Turnover excluding equity accounted investments	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
United Kingdom	**49,616**	46,686	**40,624**	39,294

Notes *(continued)*

3 Operating profit

Operating profit is stated after charging/(crediting)

	2013 £000	2012 £000
Amortisation of government grants re fixed assets	**(64)**	(111)
Depreciation of owned fixed assets	**954**	969
Operating lease costs – other	**195**	212
Auditor's remuneration – audit of the company financial statements	**20**	17
Auditor's remuneration – audit of subsidiaries and group financial statements	**14**	13
Auditor's remuneration – other fees, taxation services	**4**	3

4 Particulars of employees

	2013 No	2012 No
Number of administrative staff	**82**	82
Number of operational staff	**425**	448
	507	530

The aggregate payroll costs of the above were

	2013 £000	2012 £000
Wages and salaries	**6,126**	6,015
Social security costs	**373**	369
Other pension costs	**96**	103
	6,595	6,487

5 Remuneration of directors

The directors' aggregate remuneration in respect of qualifying services was

	2013 £000	2012 £000
Remuneration receivable	**185**	150

6 Interest payable and similar charges

	2013 £000	2012 £000
Interest payable on bank borrowing	**139**	76
Interest payable on loans to related parties	**68**	19
	207	95

Notes *(continued)*

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	2013 £000	2012 £000
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 23 75% *(2012 25 5%)*	**403**	332
Adjustments in respect of prior periods	**-**	(29)
On share of income from equity accounted investments	**49**	6
	452	309
Deferred tax		
Origination and reversal of timing differences (note 17)		
Origination and reversal of timing differences	**(105)**	(142)
Change in applicable tax rate	**(15)**	(37)
	(120)	(179)
Adjustments to deferred tax in respect of associates	**-**	3
Total deferred tax (note 17)	**(120)**	(176)
Tax on profit on ordinary activities	**332**	133

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher *(2012 higher)* than the standard rate of corporation tax in the UK of 23 75% *(2012 25 5%)*

	2013 £000	2012 £000
Profit on ordinary activities before taxation	**1,485**	857
Profit on ordinary activities by rate of tax of 23 75% *(2012 25 5%)*	**353**	219
Expenses not deductible for tax purposes	**8**	13
Depreciation for period in excess of capital allowances	**121**	144
Adjustments to tax charge in respect of previous periods	**-**	(29)
Other non taxable income	**(23)**	(28)
Marginal relief	**(7)**	(6)
Utilisation of losses brought forward	**-**	(4)
	452	309

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 30 June 2013 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date)

Notes *(continued)*

8 Dividends

Equity dividends	**2013**	2012
	£000	£000
Paid		
Equity dividends on ordinary shares	-	20

9 Tangible fixed assets

Group	**Freehold Land & Property £000**	**Fixtures & Fittings £000**	**Motor Vehicles £000**	**Long Term Project Costs £000**	**Total £000**
Cost					
At beginning of period	20,999	9,412	68	2,901	33,380
Additions	-	552	-	9,746	10,298
Disposals	-	-	(16)	-	(16)
At end of period	20,999	9,964	52	12,647	43,662
Depreciation					
At beginning of period	3,120	7,745	31	-	10,896
Charge for year	441	500	11	-	952
On disposals	-	-	(13)	-	(13)
At end of period	3,561	8,245	29	-	11,835
Net book value					
At 1 July 2013	**17,438**	**1,719**	**23**	**12,647**	**31,827**
At 3 July 2012	17,879	1,667	37	2,901	22,484

Notes *(continued)*

Company	Freehold Land & Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Long Term Project Costs £000	Total £000
Cost					
At beginning of period	20,238	9,356	68	2,901	32,563
Additions	-	552	-	-	552
Transfers	-	-	-	(2,901)	(2,901)
Disposals	-	-	(16)	-	(16)
At end of period	20,238	9,908	52	-	30,198
Depreciation					
At beginning of period	3,115	7,689	31	-	10,835
Charge for year	440	500	11	-	951
On transfers	-	-	-	-	-
On disposals	-	-	(13)	-	(13)
At end of period	3,555	8,189	29	-	11,773
Net book value					
At 1 July 2013	**16,683**	**1,719**	**23**	**-**	**18,425**
At 3 July 2012	17,123	1,667	37	2,901	21,728

The transfers noted above were in relation to long term project costs transferred to Gloucestershire Gateway Limited, a subsidiary undertaking

The Cooperative Bank Plc has a legal charge dated 16 April 2013, over the property at Tebay North Service Station, Tebay South Service Station and property at Ongers Farm, Upton, Gloucestershire

Cumbria County Council has a legal charge, dated 7 February 2011, over the property at Rheged and a fixed and floating charge over other assets at Rheged

10 Goodwill

	£000
Negative goodwill at 3 July 2012 and 1 July 2013	**998**

Notes *(continued)*

11 Investments

	Equity accounted investments £000
Group	
At 3 July 2012	646
Share of results	196
Dividends received	(285)
At 1 July 2013	**557**

	£000
Share of turnover of equity accounted investments	**8,992**
Share of assets	
Share of fixed assets	**638**
Share of current assets	**1,288**
Share of liabilities	**1,926**
Liabilities due within one year or less	**(657)**
Liabilities due in more than one year	**(6)**
Share of net assets	**1,263**

Group subsidiaries included in the consolidated financial statements are detailed below

Subsidiary undertakings	Nature of business	Country of incorporation	Financial period end	Class of shares	Holdings
Tebay Gorge Services Limited	HGV Roadside Services	England and Wales	1 July	Ordinary £1	100%
Westmorland Motorway Services Limited	Dormant	England and Wales	30 June	Ordinary £1	100%
Gloucestershire Gateway Limited	MSA under construction	England and Wales	30 June	Ordinary A £1	100%
M6 Diesel Limited	HGV Roadside Services	England and Wales	31 March	Ordinary £1	50%
M6 Diesel Services Limited	HGV Roadside Services	England and Wales	31 March	Ordinary £1	50%
Watling Street Filling Station Limited	HGV Roadside Services	England and Wales	31 March	Ordinary £1	50%
Dieselbank Limited	HGV Roadside Services	England and Wales	31 March	Ordinary £1	50%

Notes *(continued)*

11 Investments *(continued)*

Company

	£000
Company	
Cost	
At 3 July 2012 and 1 July 2013	**6,059**

The company owns the following issued share capital of the companies listed below

Subsidiary undertakings	Nature of business	Country of incorporation	Financial period end	Class of shares	Holdings
Tebay Gorge Services Limited	HGV Roadside Services	England and Wales	1 July	Ordinary £1	100%
Westmorland Motorway Services Limited	Dormant	England and Wales	30 June	Ordinary £1	100%
Gloucestershire Gateway Limited	MSA (under construction)	England and Wales	30 June	Ordinary A £1	100%

12 Stocks

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Finished goods	**1,208**	1,317	**1,142**	1,286

13 Debtors

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Trade debtors	**312**	354	**256**	299
Other debtors	**1,530**	1,372	**75**	70
Amounts owed to group undertakings	**-**	-	**10,940**	52
Prepayments and accrued income	**167**	155	**164**	155
	2,009	1,881	**11,435**	576

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Bank loans and overdrafts	**-**	3,604	**-**	3,604
Trade creditors	**4,437**	2,794	**2,516**	2,585
Amounts owed to group undertakings	**-**	-	**1,410**	1,427
Corporation tax	**192**	79	**132**	-
Other taxation	**592**	473	**580**	468
Other creditors	**3,975**	215	**3,967**	181
Accruals and deferred income	**721**	426	**710**	396
	9,917	7,591	**9,315**	8,661

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2013	2012
	£000	£000
Bank loans	**-**	3,604

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Bank loans and overdrafts	**5,592**	-	**5,000**	-
Other creditors	**2,357**	681	**2,357**	681
	7,949	681	**7,357**	681

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Bank loans and overdrafts	**5,592**	-	**5,000**	-

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Bank loans and overdrafts	**36**	-	**36**	-
Other creditors	**561**	561	**561**	561

Notes *(continued)*

16 Pensions

The company contributes to staff personal pension schemes The pension cost charge represents contributions payable by the company to the pension scheme and amounted to £96,000 (*2012 £103,000*) There were accrued contributions to £nil (*2012 £nil*) in respect of these schemes as at the balance sheet date

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the pension fund and amounted to £nil (*2012 £nil*) There were no prepaid or accrued contributions in respect of this scheme as at the balance sheet date

17 Deferred taxation (Group and company)

The movement in the deferred taxation provision during the period was

	2013	2012
	£000	£000
Provision brought forward	**287**	466
Profit and loss account movement arising during the period	**(120)**	(179)
Provision carried forward	**167**	287

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2013	2012
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	**167**	287

18 Government grants (Group and company)

	2013	2012
	£000	£000
Received and receivable:		
At beginning and end of the period	**3,743**	3,743
Amortisation		
At beginning of the period	**1,893**	1,782
Credit to profit and loss account	**64**	111
	1,957	1,893
At the end of the period	**1,786**	1,850

The company has received a European Regional Development Fund Grant in respect of the development of Rheged amounting to £2,000,000 This grant is repayable in full if any of the terms of the grant are breached within a period of 20 years from 11 December 1995 As at 1 July 2013 £1,037,000 (*2012 £1,066,000*) of this grant is included in deferred grants

Notes *(contınued)*

19 Commıtments under operating leases

The group had annual commıtments under non-cancellable operatıng leases as set out below

	2013		2012	
	Land and buildings £000	**Other items £000**	Land and buıldıngs £000	Other ıtems £000
Operatıng leases which expıre				
Wıthın 2 to 5 years	-	-	-	-
After more than 5 years	**195**	-	195	-
	195	-	195	-

20 Related party transactions

Westmorland Motorway Services (1987) Pension Fund

Durıng the perıod Westmorland Lımıted paıd Westmorland Motorway Servıces (1987) Pensıon Fund, the dırectors' pensıon scheme, £125,000 (*2012 £125,000*) ın respect of the rent of the Westmorland Hotel and £70,000 (*2012 £70,000*) ın respect of Junctıon 38, a property owned by the pensıon scheme At the balance sheet date £nıl (*2012 £nıl*) has been prepaıd ın respect of these transactıons

Included wıthın other credıtors ıs a loan of £120,000 (*2012 £180,000*) from Westmorland Motorway Servıces (1987) Pensıon Fund

Mr JC Dunning

Westmorland Lımıted paıd M/S JC Dunnıng £nıl (*2012 £18,000*) ın respect of the rent of the Farm Shops, and £nıl *(2012 £205,000)* to purchase the Southbound farm shop on an arm's length basıs At the balance sheet date £nıl (*2012 £25,000*) remaıns outstandıng ın respect of these transactıons The group also made purchases of £208,000 (*2012 £303,000*) from M/S JC Dunnıng At the balance sheet date £48,000 (*2012 £42,000*) remaıns outstandıng ın respect of these transactıons

Made By Us Limited

Mrs SB Dunnıng ıs also a dırector of Made By Us Lımıted Durıng the year Westmorland Lımıted made purchases of £613,000 (*2012 £646,000*) from Made By Us Lımıted At the balance sheet date £367,000 (*2012 £61,000*) remaıns outstandıng ın respect of these transactıons

Westmorland Lımıted supplıed meat and related products to Made By Us Lımıted of the value of £110,000 *(2012 £ 106,000)* durıng the perıod £nıl *(2012 £12,000)* remaıns outstandıng at the perıod end

Mrs J Lane

Loan notes of £561,000 (*2012 £561,000*) remaın outstandıng at the balance sheet date and are presented wıthın other credıtors due after more than one year Mrs J Lane ıs a dırector of Westmorland Lımıted

Saxon Holdings Limited

Included wıthın other debtors ıs a loan of £33,000 *(2012 £43,000)* due to Tebay Gorge Servıces Lımıted from Saxon Holdıngs Lımıted, a company under the control of Mr JC Dunnıng, a dırector of Tebay Gorge Servıces Lımıted

M6 Diesel Services Limited

M6 Dıesel Servıces Lımıted also supplıed fuel of £nıl (*2012 £125,000*) to Tebay Gorge Servıce Lımıted Included ın other debtors ıs £nıl (*2012 £6,489*) outstandıng at the perıod end

Notes *(continued)*

20 Related party transactions *(continued)*

M6 Diesel Limited

During the period the company received dividends of £157,000 (*2012 £50,000*) from M6 Diesel Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding

Watling Street Filling Station Limited

During the period the company received dividends of £103,000 (*2012 £25,000*) from Watling Street Filling Station Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding Included in other debtors is £nil (*2012 £nil*) outstanding at the period end

Dieselbank Limited

During the period the company received dividends of £25,000 (*2012 £25,000*) from Dieselbank Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding Included in other debtors is £nil (*2012 £nil)* outstanding at the period end

M6 Diesel Services Partnership

During the period the company received management charges of £nil, (*2012 £160,699*) from M6 Diesel Services Partnership, in which Tebay Gorge Services Limited is a partner At the balance sheet date £nil (*2012 £414,000*) remains outstanding

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

21 Share capital

	2013 No	2013 £000	2012 No	2012 £000
Authorised shares capital:				
Ordinary shares of £0 01 each	**20,000**	-	20,000	-
	20,000	-	20,000	-

	2013 No	2013 £000	2012 No	2012 £000
Allotted, called up and fully paid:				
Ordinary 'A' shares of £0 01 each	**13,745**	-	13,745	-
Ordinary 'B' shares of £0 01 each	**860**	-	860	-
	14,605	-	14,605	-

22 Share premium account

	2013 £000	2012 £000
Balance brought forward	**4,048**	4,046
Share Premium on shares issued in the period	-	2
Balance carried forward	**4,048**	4,048

Notes *(continued)*

23 Profit and loss account

	2013	2012
	£000	£000
Group		
Balance brought forward	**11,427**	10,723
Profit for the financial period	**1,153**	724
Equity dividends	**-**	(20)
Balance carried forward	**12,580**	11,427

	2013	2012
	£000	£000
Company		
Balance brought forward	**14,180**	13,118
Profit for the financial period	**1,293**	1,082
Equity dividends	**-**	(20)
Balance carried forward	**15,473**	14,180

24 Reconciliation of movements in shareholders' funds

	2013	2012
	£000	£000
Group		
Profit for the financial period	**1,153**	724
Equity dividends	**-**	(20)
Share premium on issue of new shares	**-**	2
Net addition to shareholders' funds	**1,153**	706
Opening shareholders' funds	**15,475**	14,769
Closing shareholders' funds	**16,628**	15,475

Included in the profit and loss account are £6,832,182 of reserves which are not distributable

	2013	2012
	£000	£000
Company		
Profit for the financial period	**1,293**	1,082
Equity dividends	**-**	(20)
Share premium on issue of new shares	**-**	2
Net addition to shareholders' funds	**1,293**	1,064
Opening shareholders' funds	**18,228**	17,164
Closing shareholders' funds	**19,521**	18,228

Notes *(continued)*

25 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £000	2012 £000
Operating profit	1,666	952
Depreciation	952	969
Share of income from equity accounted investments	(195)	(114)
Loss on disposal of fixed assets	3	4
Amortisation	(64)	(111)
Decrease in stocks	109	41
(Increase)/decrease in debtors	(130)	306
Increase in creditors	2,018	139
Net cash inflow from operating activities	4,359	2,186

Dividends from associates and joint ventures

	2013 £000	2012 £000
Dividends from associates and joint ventures	285	100

Returns on investments and servicing of finance

	2013 £000	2012 £000
Interest received	26	-
Interest paid	(231)	(95)
Net cash outflow from returns on investments and servicing of finance	(205)	(95)

Taxation

	2013 £000	2012 £000
Taxation	(339)	(423)

Capital expenditure and financial investment

	2013 £000	2012 £000
Payments to acquire tangible fixed assets	(10,274)	(1,546)
Net cash outflow from capital expenditure	(10,274)	(1,546)

Financing

	2013 £000	2012 £000
Issue of new shares	-	2
New bank loans	5,592	-
Repayment of bank loans	(1,787)	(1,150)
New other loans	5,536	-
Repayment of other loans	(60)	(60)
Net cash inflow/(outflow) from financing	9,281	(1,208)

Notes *(continued)*

26 Reconciliation of net cash flow to movement in net debt

	2013 £000	2012 £000
Increase/(decrease) in cash in the period	**3,107**	(1,006)
Net cash (inflow)/outflow from bank loans	**(3,805)**	1,150
Net cash (inflow)/outflow from other loans	**(5,476)**	60
Change in net debt resulting from cash flows	**(6,174)**	204
Total change in net debt	**(6,174)**	204
Opening net debt	**(3,791)**	(3,995)
Closing net debt	**(9,965)**	(3,791)

27 Analysis of changes in net debt

	3 July 2012 £000	Cash flows £000	1 July 2013 £000
Net cash			
Cash in hand and at bank	554	1,290	1,844
Overdrafts	(1,817)	1,817	-
	(1,263)	3,107	1,844
Debt			
Debt due within 1 year	(1,847)	(2,013)	(3,860)
Debt due after 1 year	(681)	(7,268)	(7,949)
Net debt	**(3,791)**	**(6,174)**	**(9,965)**