Westmorland Limited

Annual report and consolidated financial statements

Registered number 5357857

28 June 2015

Contents

Strategic report

The directors have pleasure in presenting their annual report and financial statements of the Company for the year ended 28 June 2015.

Principal activities

The principal activity of the Company during the period was the operation of Tebay Services, Gloucester Services, J38 Truck Stop, Cairn Lodge Services, Tebay Services Hotel and the Rheged Centre.

Financial performance

The business has demonstrated excellent growth over the last year, with growth in turnover to £71.8m *(2014: £52.1m)* and growth in profit on ordinary activities before taxation to £3.6m (2014: £0.8m). This period saw the successful completion of the £45m investment in the new Gloucestershire business, on time and on budget. Fixed assets at the end of the year increased to £65m *(2014: £46m)* and year end cash balances were £8.2m *(2014: £4.8m)* with net debt at £38.1m *(2014: £23.3m)*.

This positive growth was due to the first full year of trading of Gloucester Services northbound on the M5, the acquisition of Cairn Lodge Services on the M74 in Scotland and strong underlying trading in the Cumbrian businesses. The business has seen a growth in its average workforce in the year to 710 *(2014: 580)*.

Gloucester Services northbound, which opened in May 2014, has been positively received by its customers and has won a number of national awards for its food offer and its design from Observer Food Monthly, the Independent, Civic Voice, Forecourt Trader and Investec as well as a national award from Business in the Community for the Westmorland Family's positive impact on its rural communities. Gloucester Services southbound opened in May 2015 and was officially opened by HRH Prince Charles in July 2015.

In November 2014, the business acquired Cairn Lodge motorway services on the M74 in Scotland. The transition of ownership, from one family to another, has been a smooth one and the business looks forward to investing in the facilities in the near future.

The businesses in Cumbria all performed well. Tebay Services benefitted from a growth in motorway traffic driven by a more buoyant and confident economy. Investments in its car parks enabled it to accommodate more customers at busy times. Our fuel business has had a successful year, growing substantially in total with the new businesses but also on a like for like basis. Long term contracts are now held with Esso, Shell and Texaco. The Hotel and J38 Truckstop have both had steady years. Rheged has continued to develop its cultural programme, winning Gallery of the Year in Cumbria Life's Culture Awards, with a strong series of exhibitions and a growing following for its live streaming film programme, which in turn grew its catering and retail sales.

Key Performance Indicators

KPIs used in the motorway and roadside services 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.

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.

KPIs for the Rheged Centre include footfall, transactions, average spends, conference business, gross margin and labour efficiency. Principal risks are as for our motorway services business.

The company primarily operates in the travel and tourism industry. The motorway services 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.

Strategic report *(continued)*

Principal uncertainties

- Fuel prices – high and volatile fuel prices have an adverse impact on both fuel volumes sold and footfall in our forecourts.
- Competition risk – in our motorway services 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.
- 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.

Future outlook

We look forward to building on a successful year in 2015/16 with further growth and continuing to establish the new businesses.

By order of the board

Mrs SB Dunning
Director

Westmorland Place
Orton
Penrith
CA10 3SB

25 January 2016

Directors' report

The directors have pleasure in presenting their directors' report and financial statements of the Company for the year ended 28 June 2015.

Results and dividends

The profit for the period, after taxation, amounted to £2,735,000 *(2014: £495,000)*. A dividend of £77,000 has been paid in the current year *(2014: £77,000)*.

Directors

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

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

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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
CA10 3SB

25 January 2016

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

The directors are responsible for preparing the Annual Report, 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 year ended 28 June 2015 set out on pages 7 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 Auditing Practices Board'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 Financial Reporting Council's website 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 28 June 2015 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 Strategic Report and 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

26-1- 2016

Consolidated Profit and Loss Account

for the year ended 28 June 2015

	Note	2015 £000	2015 £000	2014 £000	Re-stated 2014 £000
Turnover (including equity accounting investments)	2		**71,849**		52,056
Less: Turnover of equity accounted investments			**(8,829)**		(10,062)
Turnover			**63,020**		41,994
Cost of sales			**(47,964)**		(32,521)
Gross profit			**15,056**		9,473
Administrative expenses:					
- normal			**(10,753)**		(8,114)
- exceptional items: pre-opening costs			**(311)**		(462)
Charges arising from fixed asset disposals			**(9)**		2
Other operating income			**116**		106
Share of income from equity accounted investments			**508**		382
Operating profit	3		**4,607**		1,387
Interest receivable			**12**		-
Interest payable and similar charges	6		**(1,054)**		(554)
Profit on ordinary activities before taxation			**3,565**		833
Tax on profit on ordinary activities	7	**(728)**		(250)	
Share of tax from equity accounted investments	7	**(102)**		(88)	
			(830)		(338)
Profit for the financial year			**2,735**		495

The notes on page 11 to 26 form an integral part of the financial statements.

All of the activities of the company are classed as continuing.

There are no recognised gains or losses outside of those recognised in the profit and loss account for both the current and the preceding year.

Consolidated Balance Sheet
at 28 June 2015

	Note	**2015**		2014	
		£000	**£000**	£000	£000
Fixed assets					
Tangible fixed assets	*9*		**64,763**		46,262
Negative goodwill	*10*		**(821)**		(998)
Equity accounted investments	*11*		**785**		650
			64,727		45,914
Current assets					
Stocks	*12*	**1,839**		1,527	
Debtors	*13*	**4,435**		2,726	
Cash at bank and in hand		**8,241**		4,777	
		14,515		9,030	
Creditors: amounts falling due within one year	*14*	**(12,803)**		(8,003)	
Net current assets			**1,712**		1,027
Total assets less current liabilities			**66,439**		46,941
Creditors: amounts falling due after more than one year	*15*		**(46,188)**		(28,059)
Provisions for liabilities					
Deferred taxation	*17*		**(547)**		(111)
Government grants	*18*		**-**		(1,725)
Net assets			**19,704**		17,046
Capital and reserves					
Called up share capital	*21*		**-**		-
Share premium account	*22*		**4,048**		4,048
Profit and loss account	*23*		**15,656**		12,998
Shareholders' funds	*24*		**19,704**		17,046

The notes on page 11 to 26 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 25 January 2016 and were signed on its behalf by:

Sarah D

Mrs SB Dunning
Director

Company registered number: 5357857

Company Balance Sheet
at 28 June 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible fixed assets	*9*		**19,486**		17,853
Goodwill	*10*		**177**		
Investments	*11*		**6,059**		6,059
			25,722		23,912
Current assets					
Stocks	*12*	**1,144**		1,098	
Debtors	*13*	**45,576**		28,652	
Cash at bank and in hand		**3,453**		2,530	
		50,173		32,280	
Creditors: amounts falling due within one year	*14*	**(9,012)**		(6,409)	
Net current assets			**41,161**		25,871
Total assets less current liabilities			**66,883**		49,783
Creditors: amounts falling due after more than one year	*15*		**(44,387)**		(28,059)
Provisions for liabilities					
Deferred taxation	*17*		**(96)**		(111)
Provisions			**-**		
Government grants	*18*		**-**		(1,725)
Net assets			**22,400**		19,888
Capital and reserves					
Called up share capital	*21*		**-**		-
Share premium account	*22*		**4,048**		4,048
Profit and loss account	*23*		**18,352**		15,840
Shareholders' funds	*24*		**22,400**		19,888

The notes on page 11 to 26 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 25 January 2016 and were signed on its behalf by:

Sarah

Mrs SB Dunning
Director

Company registered number: 5357857

Consolidated Cash Flow Statement
for the year ended 28 June 2015

	Note	**2015** **£000**	2014 £000
Net cash inflow from operating activities	*25*	**5,934**	2,734
Dividends from associates and joint ventures	*25*	**271**	200
Returns on investments and servicing of finance	*25*	**(1,042)**	(554)
Taxation	*25*	**(602)**	(358)
Capital expenditure and financial investment	*25*	**(19,261)**	(15,300)
Equity dividends paid		**(77)**	(77)
Cash outflows before financing		**(14,777)**	(13,355)
Financing	*25*	**18,241**	16,288
Net increase in cash	*26*	**3,464**	2,933

The notes on page 11 to 26 form an integral part of the financial statements.

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 UK accounting standards, and under the historical cost accounting rules.

Prior year restatement

The directors have reviewed the presentation of direct labour costs in the profit and loss account and believe that it is more appropriate to classify such costs within cost of sales, rather than administrative expenses. Consequently the 2014 profit and loss account has been restated on this basis with £4,508,000 of labour cost being reclassified within cost of sales: gross profit in 2014 has decreased from a previously stated £13,981,000 to £9,473,000 and normal administrative expenses have decreased from a previously stated £12,622,000 to £8,114,000. There is no change to operating profit.

Going concern

These accounts have been prepared on a going concern basis which the directors believe to be appropriate since the business is strongly assets 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 June 2014 and a new £20.0m bank loan. This is a five year facility with a twenty year amortisation period.

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 28 June 2015. 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. The Company profit for the year was £2,589,000 *(2014: £444,000)*.

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).

Goodwill arising on acquisitions are amortised over 5 years on a straight line basis.

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 to an estimated residual value
Leasehold Property	-	Straight line over the life of lease
Fixtures & Fittings	-	10% straight line / 25% reducing balance / 5% straight line per annum
Motor Vehicles	-	25% reducing balance per annum

No depreciation is provided on freehold land.

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 and services 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**	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
United Kingdom	**71,849**	52,056	**63,020**	41,994

Notes *(continued)*

3 Operating profit

Operating profit is stated after charging/(crediting):

	2015 £000	2014 £000
Amortisation of government grants re fixed assets	**(1,725)**	(61)
Depreciation of owned fixed assets	**2,754**	867
Operating lease costs – other	**195**	195
Auditor's remuneration – audit of the company financial statements	**57**	21
Auditor's remuneration – audit of subsidiaries and group financial statements	**-**	15
Auditor's remuneration – other fees, taxation services	**6**	5

4 Particulars of employees

	2015 No	2014 No
Number of administrative staff	**117**	91
Number of operational staff	**597**	486
	714	577

The aggregate payroll costs of the above were:

	£000	£000
Wages and salaries	**9,269**	7,063
Social security costs	**590**	433
Other pension costs	**201**	154
	10,060	7,650

5 Remuneration of directors

The directors' aggregate remuneration in respect of qualifying services was:

	2015 £000	2014 £000
Remuneration receivable	**332**	301

6 Interest payable and similar charges

	2015 £000	2014 £000
Interest payable on bank borrowing	**803**	429
Interest payable on loans from related parties	**251**	125
	1,054	554

Notes *(continued)*

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	2015	2014
	£000	£000
Current tax		
In respect of the period:		
UK Corporation tax based on the results for the period at 20.75% (*2014: 22.5%*)	**292**	304
Adjustments in respect of prior periods	**-**	2
On share of income from equity accounted investments	**102**	88
	394	394
Deferred tax		
Origination and reversal of timing differences (note 17)	**436**	(56)
Tax on profit on ordinary activities	**830**	338

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower (*2014: higher*) than the standard rate of corporation tax in the UK of 20.75% (*2014: 22.5%*).

	2015	2014
	£000	£000
Profit on ordinary activities before taxation	**3,565**	833
Profit on ordinary activities by rate of tax of 20.75% (*2014: 22.5%*)	**740**	187
Expenses not deductible for tax purposes	**48**	114
Difference between depreciation and capital allowances	**(394)**	91
Adjustments to tax charge in respect of previous periods	**-**	2
	394	394

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 28 June 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

8 Dividends

Equity dividends	**2015** **£000**	2014 £000
Paid		
Equity dividends on ordinary shares	**77**	77

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	45,762	11,100	60	2,040	58,962
Additions	19,947	1,302	15	-	21,264
Disposals	-	-	(21)	-	(21)
Transfers between categories	943	1,097	-	(2,040)	-
At end of period	66,652	13,499	54	-	80,205
Depreciation					
At beginning of period	3,932	8,735	33	-	12,700
Charge for year	704	381	8	-	1,093
Charge on impaired assets	1,661	-	-	-	1,661
On disposals	-	-	(12)	-	(12)
At end of period	6,297	9,116	29	-	15,442
Net book value					
At 28 June 2015	**60,355**	**4,383**	**25**	**-**	**64,763**
At 30 June 2014	41,830	2,365	27	2,040	46,262

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

The Royal Bank of Scotland Plc has a legal charge, dated 12 June 2014, over the properties at Gloucester Services Northbound and Southbound, Upton, Gloucestershire.

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

Notes *(continued)*

9 Tangible fixed assets *(continued)*

Company	Freehold Land & Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost				
At beginning of period	20,247	10,124	62	30,433
Additions	3,438	301	15	3,754
Disposals	-	-	(23)	(23)
Transfers between categories	(1,010)	1,010	-	-
At end of period	22,675	11,435	54	34,164
Depreciation				
At beginning of period	3,878	8,667	35	12,580
Charge for year	232	211	6	449
Charge on impaired assets	1,661	-	-	1,661
On disposals	-	-	(12)	(12)
At end of period	5,771	8,878	29	14,678
Net book value				
At 28 June 2015	**16,904**	**2,557**	**25**	**19,486**
At 30 June 2014	16,369	1,457	27	17,853

10 Goodwill

	£000
Group	
Goodwill at 29 June 2014	**(998)**
Additions	**200**
Amortisation charge for the period	**(23)**
Goodwill at 28 June 2015	**(821)**

	£000
Company	
Goodwill at 29 June 2014	**-**
Additions	**200**
Amortisation charge for the period	**(23)**
Goodwill at 28 June 2015	**177**

Notes *(continued)*

11 Investments

	Equity accounted investments £000
Group	
At 30 June 2014	650
Share of results	406
Dividends received	(271)
At 28 June 2015	**785**

Share of turnover of equity accounted investments	**8,829**
Share of assets	
Share of fixed assets	**586**
Share of current assets	**1,652**
	2,238
Share of liabilities	
Liabilities due within one year or less	**(420)**
Liabilities due in more than one year	**(3)**
Fair value adjustments	**1,030**
Share of net assets	**785**

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	29 June	Ordinary £1	100%
Westmorland Motorway Services Limited	Dormant	England and Wales	29 June	Ordinary £1	100%
Gloucestershire Gateway Limited	Roadside Services	England and Wales	29 June	Ordinary A £1	100%

Notes *(continued)*

11 Investments *(continued)*

Company

	£000
Company	
Cost	
At 30 June 2014 and 28 June 2015	**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	29 June	Ordinary £1	100%
Westmorland Motorway Services Limited	Dormant	England and Wales	29 June	Ordinary £1	100%
Gloucestershire Gateway Limited	Roadside Services	England and Wales	29 June	Ordinary A £1	100%

12 Stocks

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Finished goods	**1,839**	1,527	**1,144**	1,098

13 Debtors

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade debtors	**970**	647	**778**	610
Other debtors	**2,118**	1,793	**67**	53
Amounts owed by group undertakings	**-**	-	**43,741**	27,718
Prepayments and accrued income	**1,347**	286	**990**	271
	4,435	2,726	**45,576**	28,652

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank loans and overdrafts	**200**	38	**200**	38
Trade creditors	**6,031**	3,325	**3,727**	2,754
Amounts owed to group undertakings	**-**	-	**1,431**	1,483
Corporation tax	**292**	229	**270**	175
Other taxation	**975**	657	**891**	633
Other creditors	**3,967**	1,908	**1,419**	447
Accruals and deferred income	**1,338**	1,846	**1,074**	879
	12,803	8,003	**9,012**	6,409

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

	2015	2014
	£000	£000
Bank loans	**200**	38

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank loans and overdrafts	**31,820**	23,742	**31,820**	23,742
Other creditors	**14,368**	4,317	**12,567**	4,317
	46,188	28,059	**44,387**	28,059

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

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank loans and overdrafts	**31,820**	23,742	**31,820**	23,742

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	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank loans and overdraft	**25,174**	20,240	**25,174**	20,240
Other creditors	**11,317**	4,317	**11,317**	4,317

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 £201,000(*2014: £154,000*). There were accrued contributions of £nil (*2014: £nil*) in respect of these schemes as at the balance sheet date.

17 Deferred taxation

Group

The movement in the deferred taxation provision during the period was:

	2015	2014
	£000	£000
Provision brought forward	**111**	167
Profit and loss account movement arising during the period	**436**	(56)
Provision carried forward	**547**	111

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

	2015	2014
	£000	£000
Fixed asset timing differences	**792**	111
Short term timing differences	**(53)**	-
Losses and other deductions	**(192)**	-
	547	111

Company

The movement in the deferred taxation provision during the period was:

	2015	2014
	£000	£000
Provision brought forward	**111**	167
Profit and loss account movement arising during the period	**(15)**	(56)
Provision carried forward	**96**	111

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

	2015	2014
	£000	£000
Fixed asset timing differences	**149**	111
Short term timing differences	**(53)**	-
	96	111

Notes *(continued)*

18 Government grants

Group and company	**2015**	2014
	£000	£000
Received and receivable:		
At beginning and end of the period	**3,743**	3,743
Amortisation:		
At beginning of the period	**2,018**	1,957
Credit to profit and loss account	**1,725**	61
	3,743	2,018
At the end of the period	-	1,725

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 28 June 2015 £nil (*2014: £1,007,961*) of this grant is included in deferred grants following the decision of the company to fully amortise the grants in the period.

19 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	Land and buildings £000	**Other items £000**	Land and buildings £000	Other items £000
Operating leases which expire:				
Within 2 to 5 years		-		-
After more than 5 years	**195**	-	195	-
	195	-	195	-

20 Related party transactions

Westmorland Motorway Services (1987) Pension Fund

During the period Westmorland Limited paid Westmorland Motorway Services (1987) Pension Fund, the directors' pension scheme, £125,000 (*2014: £125,000*) in respect of the rent of the Westmorland Hotel and £70,000 (*2014: £70,000*) in respect of Junction 38, a property owned by the pension scheme. At the balance sheet date £nil (2014: £nil) remains outstanding or is prepaid in respect of these transactions. At the balance sheet date £47,500 is outstanding in respect of backdated rent for the period 2012 – 2015.

Included within other creditors is a loan of £nil (*2014: £nil*) from Westmorland Motorway Services (1987) Pension Fund.

Mr JC Dunning

The group made purchases of £257,435 (*2014:£281,000*) from Mr JC Dunning. At the balance sheet date £36,069 (*2014: £41,000*) remains outstanding in respect of these transactions.

Made By Us Limited

Mrs SB Dunning is also a director of Made By Us Limited. During the year Westmorland Limited made purchases of £712,668 (*2014: £966,000*) from Made By Us Limited. At the balance sheet date £82,127 (*2014: £81,000*) remains outstanding in respect of these transactions.

Westmorland Limited supplied meat and related products to Made By Us Limited to the value of £350,838 *(2014: £ 143,000)* during the period. £114,500 *(2014: £8,000)* remains outstanding at the period end in respect of these transactions.

Notes *(continued)*

20 Related party transactions *(continued)*

Mrs J Lane

Loan notes of £561,000 (*2014: £561,000*) remain outstanding at the balance sheet date and are presented within other creditors due after more than one year. Mrs J Lane is a director of Westmorland Limited.

Saxon Holdings Limited

Included within other debtors is a loan of £33,000 *(2014:£ 33,000)* due to Tebay Gorge Services Limited from Saxon Holdings Limited, a company under the control of Mr JC Dunning, a director of Tebay Gorge Services Limited.

M6 Diesel Services Limited

M6 Diesel Services Limited supplied fuel of £109,350 (*2014: £154,000*) to Tebay Gorge Services Limited. Included in other creditors is £21,271 (*2014: £23,000*) outstanding at the period end. During the period, the company received dividends of £nil (*2014: £50,000*) from M6 Diesel Services Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £nil (*2014: £nil*) outstanding at the period end.

M6 Diesel Limited

During the period the company received dividends of £170,853 (*2014: £100,000*) from M6 Diesel Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £170,853 (*2014: £nil*) outstanding at the period end.

Watling Street Filling Station Limited

During the period the company received dividends of £100,000 (*2014: £50,000*) from Watling Street Filling Station Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £100,000 (*2014: £nil*) outstanding at the period end.

Dieselbank Limited

During the period the company received dividends of £nil (*2014: £nil*) from Dieselbank Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £nil (*2014: £nil)* outstanding at the period end.

M6 Diesel Services Partnership

During the period the company (Tebay Gorge Services Limited) charged M6 Diesel Services Partnership (in which Tebay Gorge Services Limited is a partner) for management services to the value of £nil (*2014: £nil*) and for £143,000 (*2014: £151,000)* representing profit share. Included in other debtors is £709,932 (*2014: £566,932*) outstanding at the period end.

During the period the company (Tebay Gorge Services Limited) charged M6 Diesel Services Partnership for fuel sales taken by the partnership on behalf of the company to the value of £80,810 (*2014: £79,000*). Included in other debtors is £7,425 (*2014: £9,000*) outstanding at the period end.

During the period the company (Tebay Gorge Services Limited) was charged £113,175 (*2014: £133,587*) by M6 Diesel Services Partnership in respect of business rates, forecourt repairs and wages chargeable to the company and to reimburse the partnership for forecourt sales taken on its behalf. Included in other creditors is £21,271 (*2014: £22,855*) outstanding at the period end.

During the period the company charged £79,382 (*2014: £75,579*) to M6 Diesel Services Partnership in respect of wages and other administrative costs chargeable to the partnership. Included in other debtors is £7,195 (*2014: £12,231*) outstanding at the period end.

During the period the company was charged £72 (*2014: £303*) by M6 Diesel Services Partnership in respect of maintenance costs recharged to the company. Included in other creditors is £Nil (*2014: £nil*) outstanding at the period end.

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

Notes *(continued)*

21 Share capital

	2015 No	2015 £000	2014 No	2014 £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

Group and company	2015 £000	2014 £000
Balance brought forward	**4,048**	4,048
Share Premium on shares issued in the period	**-**	-
Balance carried forward	**4,048**	4,048

23 Profit and loss account

	2015 £000	2014 £000
Group		
Balance brought forward	**12,998**	12,580
Profit for the financial year	**2,735**	495
Equity dividends	**(77)**	(77)
Balance carried forward	**15,656**	12,998

	2015 £000	2014 £000
Company		
Balance brought forward	**15,840**	15,473
Profit for the financial year	**2,589**	444
Equity dividends	**(77)**	(77)
Balance carried forward	**18,352**	15,840

Notes *(continued)*

24 Reconciliation of movements in shareholders' funds

	2015	2014
	£000	£000
Group		
Profit for the financial year	**2,735**	495
Equity dividends	**(77)**	(77)
Net addition to shareholders' funds	**2,658**	418
Opening shareholders' funds	**17,046**	16,628
Closing shareholders' funds	**19,704**	17,046

	2015	2014
	£000	£000
Company		
Profit for the financial period	**2,589**	444
Equity dividends	**(77)**	(77)
Net addition to shareholders' funds	**2,512**	367
Opening shareholders' funds	**19,888**	19,521
Closing shareholders' funds	**22,400**	19,888

25 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2015	2014
	£000	£000
Operating profit	**4,607**	1,387
Depreciation	**2,754**	867
Net share of income from equity accounted investments	**(135)**	(293)
(Profit)/loss on disposal of fixed assets	**9**	(2)
Amortisation	**(1,725)**	(61)
(Increase)/decrease in stocks	**(312)**	(319)
Increase in debtors	**(1,709)**	(716)
Increase in creditors	**2,445**	1,871
Net cash inflow from operating activities	**5,934**	2,734

Dividends from associates and joint ventures

	2015	2014
	£000	£000
Dividends from associates and joint ventures	**271**	200

Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	**12**	-
Interest paid	**(1,054)**	(554)
Net cash outflow from returns on investments and servicing of finance	**(1,042)**	(554)

Notes *(continued)*

25 Notes to the statement of cash flows *(continued)*

Taxation

	2015 £000	2014 £000
Taxation	**(602)**	(358)

Capital expenditure and financial investment

	2015 £000	2014 £000
Proceeds from the sale of tangible fixed assets	**1**	2
Payments to acquire tangible fixed assets	**(19,085)**	(15,302)
Payments to acquire intangible fixed assets	**(177)**	-
Net cash outflow from capital expenditure	**(19,261)**	(15,300)

Financing

	2015 £000	2014 £000
New bank loans	**8,241**	14,408
New other loans	**10,000**	2,000
Repayment of other loans	**-**	(120)
Net cash inflow from financing	**18,241**	16,288

26 Reconciliation of net cash flow to movement in net debt

	2015 £000	2014 £000
Increase in cash in the period	**3,464**	2,933
Net cash inflow from bank loans	**(8,241)**	(14,408)
Net cash inflow from other loans	**(10,000)**	(1,880)
Change in net debt resulting from cash flows	**(14,777)**	(13,355)
Total change in net debt	**(14,777)**	(13,355)
Opening net debt	**(23,320)**	(9,965)
Closing net debt	**(38,097)**	(23,320)

27 Analysis of changes in net debt

	1 July 2014 £000	Cash flows £000	28 June 2015 £000
Net cash			
Cash in hand and at bank	4,777	3,464	8,241
Overdrafts	-	-	-
	4,777	3,464	8,241
Debt			
Debt due within 1 year	(38)	(1,662)	(1,700)
Debt due after 1 year	(28,059)	(16,579)	(44,638)
Net debt	**(23,320)**	**(14,777)**	**(38,097)**