Westmorland Limited

Annual report and consolidated financial statements

Registered number 5357857

29 June 2014

Contents

Strategic report

The directors have pleasure in presenting their annual report and financial statements of the Company for the year ended 29 June 2014.

Principal activities

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

Financial performance

We are very pleased with the business performance over the last year. The business recorded strong growth in turnover (excluding equity accounted investments) of 3.4% to £42m while improving gross profit margin to 33.3% (*2013: 31.8%*). Our new Gloucester Services contributed to this turnover in the 7 weeks of trading in this financial period. This growth, together with an increase in the Group's share of income from its long standing equity accounted investments were offset by £0.5m of pre-opening costs incurred at Gloucester. This resulted in a £0.3m decrease in operating profit to £1.4m (*2013: £1.7m*) but an underlying growth of £0.2m, excluding these exceptional costs.

The Group's cash flow remains strong, reporting a net cash inflow from operating activities of £2.7m (*2013: £4.4m net cash inflow*) after accounting for a £0.2m decrease *(2013: £1.7m increase)* in other creditors arising from the Gloucester Services construction.

Consolidated net assets have increased by £0.4m and now stand at £17.0m *(2013: £16.6m)*. The Group's fixed asset base remains very strong with £41.8m of freehold land and property and £2.0m of assets in the course of construction (in relation to our Gloucester Services). Net debt stands at £23.3m (*2013: £10.0m*) following the successful refinancing of our banking facilities in June 2014 in addition to further investment from the Group's shareholders.

The longer term strategic objectives of the Group made significant progress with the opening of Gloucester Services (northbound) in May 2014. Construction started on our Gloucester Services (southbound) in March 2014 and we expect to open for business in June 2015. The costs incurred for the total Gloucester project to date of £27.7m (*2013: £12.6m*) have been included within tangible fixed assets.

We have continued with planned investment in our Tebay Services business. We have consistently invested a significant amount in improving our facilities, our products and our services for our customers.

The Tebay Services business had an excellent year with revenues, excluding fuel, increasing on the prior year. We have also enhanced both commercial and financial management and controls within our operations which have contributed to the strong performance in the year.

Junction 38 Truck Stop performed well with revenues excluding fuel, increasing on the prior year.

The Tebay Services Hotel had a satisfactory year with revenue increasing. Hotel accommodation performed well and was underpinned by the high activity levels through the hotel's website.

We have continued to develop the Rheged Centre with a significant increase in exhibitions, arts and cultural events and functions with live streaming events proving to be increasingly popular. Consequently, we have seen an increase in visitor numbers to the centre, a trend that has continued into 2014/15.

Key Performance Indicators

KPIs used in the motorway services 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.

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 Rheged 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 2014/15 and will apply all our experience and expertise in establishing the Gloucester Services business. We look forward to opening Gloucester Services (southbound) in June 2015.

In November 2014 we acquired Cairn Lodge, a small motorway services on the M74 in Scotland and we look forward to integrating this business into the wider group and replicating our successful operations there.

By order of the board

Sarah D

Mrs SB Dunning
Director

Westmorland Place
Orton
Penrith
CA10 3SB

19 December 2014

Directors' report

The directors have pleasure in presenting their directors' report and financial statements of the Company for the year ended 29 June 2014.

Results and dividends

The profit for the period, after taxation, amounted to £495,000 *(2013: £1,153,000)*. A dividend of £77,000 has been paid in the current year *(2013: £nil)*

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 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 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.

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

Sarah D

Mrs SB Dunning
Director

Westmorland Place
Orton
Penrith
CA10 3SB

19 December 2014

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

The directors are responsible for preparing the Annual 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 year ended 29 June 2014 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 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 29 June 2014 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

22nd December 2014

Consolidated Profit and Loss Account

for the year ended 29 June 2014

	Note	**2014 £000**	**2014 £000**	2013 £000	2013 £000
Turnover (including equity accounting investments)	2		**52,056**		49,616
Less: Turnover of equity accounted investments			**(10,062)**		(8,992)
Turnover			**41,994**		40,624
Cost of sales			**(28,013)**		(27,713)
Gross profit			**13,981**		12,911
Administrative expenses:					
- normal			**(12,622)**		(11,518)
- exceptional items: pre-opening costs			**(462)**		-
Charges arising from fixed asset disposals			**2**		(3)
Other operating income			**106**		33
Share of income from equity accounted investments			**382** ✓		243
Operating profit	3		**1,387**		1,666
Operating profit before exceptional costs			**1,849**		1,666
Exceptional items: pre-opening costs			**(462)**		-
Operating profit after exceptional costs			**1,387**		1,666
Operating profit			**1,387**		1,666
Interest receivable			**-**		26
Interest payable and similar charges	6		**(554)**		(207)
Profit on ordinary activities before taxation			**833**		1,485
Tax on profit on ordinary activities	7	**(250)**		(283)	
Share of tax from equity accounted investments	7	**(88)**		(49)	
			(338)		(332)
Profit for the financial year			**495**		1,153

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 29 June 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible fixed assets	*9*		**46,262**		31,827
Negative goodwill	*10*		**(998)**		(998)
Equity accounted investments	*11*		**650**		557
			45,914		31,386
Current assets					
Stocks	*12*	**1,527**		1,208	
Debtors	*13*	**2,726**		2,009	
Cash at bank and in hand		**4,777**		1,844	
		9,030		5,061	
Creditors: amounts falling due within one year	*14*	**(8,003)**		(9,917)	
Net current assets/(liabilities)			**1,027**		(4,856)
Total assets less current liabilities			**46,941**		26,530
Creditors: amounts falling due after more than one year	*15*		**(28,059)**		(7,949)
Provisions for liabilities					
Deferred taxation	*17*		**(111)**		(167)
Government grants	*18*		**(1,725)**		(1,786)
Net assets			**17,046**		16,628
Capital and reserves					
Called up share capital	*21*		**-**		-
Share premium account	*22*		**4,048**		4,048
Profit and loss account	*23*		**12,998**		12,580
Shareholders' funds	*24*		**17,046**		16,628

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 19 December 2014 and were signed on its behalf by:

Sarah D

Mrs SB Dunning
Director

Company registered number: 5357857

Company Balance Sheet
at 29 June 2014

	Note	2014		2013	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	9		17,853		18,425
Investments	11		6,059		6,059
			23,912		24,484
Current assets					
Stocks	12	1,098		1,142	
Debtors	13	28,652		11,435	
Cash at bank and in hand		2,530		1,085	
		32,280		13,662	
Creditors: amounts falling due within one year	14	(6,409)		(9,315)	
Net current assets			25,871		4,347
Total assets less current liabilities			49,783		28,831
Creditors: amounts falling due after more than one year	15		(28,059)		(7,357)
Provisions for liabilities					
Deferred taxation	17		(111)		(167)
Government grants	18		(1,725)		(1,786)
Net assets			19,888		19,521
Capital and reserves					
Called up share capital	21		-		-
Share premium account	22		4,048		4,048
Profit and loss account	23		15,840		15,473
Shareholders' funds	24		19,888		19,521

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 19 December 2014 and were signed on its behalf by:

Sarah D

Mrs SB Dunning
Director

Company registered number: 5357857

Consolidated Cash Flow Statement
for the year ended 29 June 2014

	Note	2014 £000	2013 £000
Net cash inflow from operating activities	*25*	**2,734**	4,359
Dividends from associates and joint ventures	*25*	**200**	285
Returns on investments and servicing of finance	*25*	**(554)**	(205)
Taxation	*25*	**(358)**	(339)
Capital expenditure and financial investment	*25*	**(15,300)**	(10,274)
Equity dividends paid		**(77)**	-
Cash outflows before financing		**(13,355)**	(6,174)
Financing	*25*	**16,288**	9,281
Net increase in cash	*26*	**2,933**	3,107

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.

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 29 June 2014. 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 £444,000 *(2013: £1,293,000)*

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).

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.

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**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
United Kingdom	**52,056**	49,616	**41,994**	40,624

Notes *(continued)*

3 Operating profit

Operating profit is stated after charging/(crediting):

	2014	2013
	£000	£000
Amortisation of government grants re fixed assets	(61)	(64)
Depreciation of owned fixed assets	867	954
Operating lease costs – other	195	195
Auditor's remuneration – audit of the company financial statements	21	20
Auditor's remuneration – audit of subsidiaries and group financial statements	15	14
Auditor's remuneration – other fees, taxation services	5	4

4 Particulars of employees

	2014	2013
	No	No
Number of administrative staff	91	82
Number of operational staff	486	425
	577	507

The aggregate payroll costs of the above were:

		2013
	£000	£000
Wages and salaries	7,063	6,126
Social security costs	433	373
Other pension costs	154	96
	7,650	6,595

5 Remuneration of directors

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

	2014	2013
	£000	£000
Remuneration receivable	201	185

6 Interest payable and similar charges

	2014	2013
	£000	£000
Interest payable on bank borrowing	429	139
Interest payable on loans from related parties	125	68
	554	207

Notes *(continued)*

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	2014 £000	2013 £000
Current tax		
In respect of the period:		
UK Corporation tax based on the results for the period at 22.5% *(2013: 23.75%)*	**304**	403
Adjustments in respect of prior periods	**2**	-
On share of income from equity accounted investments	**88**	49
	394	452
Deferred tax		
Origination and reversal of timing differences (note 17)		
Origination and reversal of timing differences	**(56)**	(105)
Change in applicable tax rate	**-**	(15)
Total deferred tax (note 17)	**(56)**	(120)
Tax on profit on ordinary activities	**338**	332

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher *(2013: higher)* than the standard rate of corporation tax in the UK of 22.5% *(2013: 23.75%)*.

	2014 £000	2013 £000
Profit on ordinary activities before taxation	**833**	1,485
Profit on ordinary activities by rate of tax of 22.5% *(2013: 23.75%)*	**187**	353
Expenses not deductible for tax purposes	**114**	8
Depreciation for period in excess of capital allowances	**91**	121
Adjustments to tax charge in respect of previous periods	**2**	-
Other non taxable income	**-**	(23)
Marginal relief	**-**	(7)
	394	452

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

Notes *(continued)*

8 Dividends

Equity dividends	**2014**	2013
	£000	£000
Paid		
Equity dividends on ordinary shares	**77**	-

9 Tangible fixed assets

	Freehold Land & Property £000	**Fixtures & Fittings £000**	**Motor Vehicles £000**	**Long Term Project Costs £000**	**Total £000**
Group					
Cost					
At beginning of period	20,999	9,964	52	12,647	43,662
Additions	12,116	1,136	10	2,040	15,302
Transfers	12,647	-	-	(12,647)	-
Disposals	-	-	(2)	-	(2)
At end of period	45,762	11,100	60	2,040	58,962
Depreciation					
At beginning of period	3,561	8,245	29	-	11,835
Charge for year	371	490	6	-	867
On disposals	-	-	(2)	-	(2)
At end of period	3,932	8,735	33	-	12,700
Net book value					
At 29 June 2014	**41,830**	**2,365**	**27**	**2,040**	**46,262**
At 1 July 2013	17,438	1,719	23	12,647	31,827

Notes *(continued)*

9 Tangible fixed assets *(continued)*

	Freehold Land & Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Company				
Cost				
At beginning of period	20,238	9,908	52	30,198
Additions	9	216	12	237
Disposals	-	-	(2)	(2)
At end of period	20,247	10,124	62	30,433
Depreciation				
At beginning of period	3,555	8,189	29	11,773
Charge for year	323	478	8	809
On disposals	-	-	(2)	(2)
At end of period	3,878	8,667	35	12,580
Net book value				
At 29 June 2014	**16,369**	**1,457**	**27**	**17,853**
At 1 July 2013	16,683	1,719	23	18,425

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 property at Tebay North Service Station, Tebay South Service Station and property on Ongers Farm, Upton, Gloucester.

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
Goodwill at 2 July 2013 and 29 June 2014	**998**

Notes *(continued)*

11 Investments

	Equity accounted investments £000
Group	
At 2 July 2013	557
Share of results	293
Dividends received	(200)
At 29 June 2014	**650**

	£000
Share of turnover of equity accounted investments	**10,062**
Share of assets	
Share of fixed assets	**619**
Share of current assets	**1,348**
	1,967
Share of liabilities	
Liabilities due within one year or less	**568**
Liabilities due in more than one year	**3**
Share of net assets	**1,396**

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 2 July 2013 and 29 June 2014	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	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Finished goods	**1,527**	1,208	**1,098**	1,142

13 Debtors

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade debtors	**647**	312	**610**	256
Other debtors	**1,793**	1,530	**53**	75
Amounts owed to group undertakings	**-**	-	**27,718**	10,940
Prepayments and accrued income	**286**	167	**271**	164
	2,726	2,009	**28,652**	11,435

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans and overdrafts	**38**	-	**38**	-
Trade creditors	**3,325**	4,437	**2,754**	2,516
Amounts owed to group undertakings	**-**	-	**1,483**	1,410
Corporation tax	**229**	192	**175**	132
Other taxation	**657**	592	**633**	580
Other creditors	**1,908**	3,975	**447**	3,967
Accruals and deferred income	**1,846**	721	**879**	710
	8,003	9,917	**6,409**	9,315

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

	2014	2013
	£000	£000
Bank loans	**38**	-

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans and overdrafts	**23,742**	5,592	**23,742**	5,000
Other creditors	**4,317**	2,357	**4,317**	2,357
	28,059	7,949	**28,059**	7,357

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

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans and overdrafts	**23,742**	5,592	**23,742**	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	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans and overdraft	**20,240**	36	**20,240**	36
Other creditors	**4,317**	561	**4,317**	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 £154,000 (*2013: £96,000*). There were accrued contributions of £nil (*2013: £nil*) in respect of these schemes as at the balance sheet date.

17 Deferred taxation

(Group and company)

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

	2014	2013
	£000	£000
Provision brought forward	**167**	287
Profit and loss account movement arising during the period	**(56)**	(120)
Provision carried forward	**111**	167

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

	2014	2013
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	**111**	167

18 Government grants

(Group and company)	**2014**	2013
	£000	£000
Received and receivable:		
At beginning and end of the period	**3,743**	3,743
Amortisation:		
At beginning of the period	**1,957**	1,893
Credit to profit and loss account	**61**	64
	2,018	1,957
At the end of the period	**1,725**	1,786

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 29 June 2014 £1,007,961 (*2013: £1,037,000*) of this grant is included in deferred grants.

Notes *(continued)*

19 Commitments under operating leases

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

	2014		2013	
	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 *(2013: £125,000)* in respect of the rent of the Westmorland Hotel and £70,000 *(2013: £70,000)* in respect of Junction 38, a property owned by the pension scheme. At the balance sheet date £nil *(2013: £nil)* has been prepaid in respect of these transactions.

Included within other creditors is a loan of £nil *(2013: £120,000)* from Westmorland Motorway Services (1987) Pension Fund.

Mr JC Dunning

The group made purchases of £281,000 *(2013: £208,000)* from Mr JC Dunning. At the balance sheet date £41,000 *(2013: £48,000)* 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 £966,000 *(2013: £813,000)* from Made By Us Limited. At the balance sheet date £81,000 *(2013: £367,000)* remains outstanding in respect of these transactions.

Westmorland Limited supplied meat and related products to Made By Us Limited of the value of £143,000 *(2013:£ 110,000)* during the period. £8,000 *(2013: £nil)* remains outstanding at the period end.

Mrs J Lane

Loan notes of £561,000 *(2013: £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 *(2013:£ 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 £154,000 *(2013: £nil)* to Tebay Gorge Services Limited. Included in other creditors is £23,000 *(2013: £ nil)* outstanding at the period end. During the period, the company received dividends of £50,000 *(2013: nil)* from M6 Diesel Services Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £nil *(2013: £nil)* outstanding at the period end.

Notes *(continued)*

20 Related party transactions *(continued)*

M6 Diesel Limited

During the period the company received dividends of £100,000 (*2013: £157,000*) from M6 Diesel Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £nil (*2013: £nil*) outstanding at the period end.

Watling Street Filling Station Limited

During the period the company received dividends of £50,000 (*2013: £103,000*) from Watling Street Filling Station Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £nil (*2013: £nil*) outstanding at the period end.

Dieselbank Limited

During the period the company received dividends of £nil (*2013: £25,000*) from Dieselbank Limited, a company in which Tebay Gorge Services Limited has a 50% shareholding. Included in other debtors is £nil (*2013: £nil*) outstanding at the period end.

M6 Diesel Services Partnership

During the period the company supplied fuel of £79,000, (*2013: £nil*) to M6 Diesel Services Partnership, in which Tebay Gorge Services Limited is a partner. At the balance sheet date £9,000 (*2013: £nil*) 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

	2014 No	**2014 £000**	2013 No	2013 £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)	**2014 £000**	2013 £000
Balance brought forward	**4,048**	4,048
Share Premium on shares issued in the period	-	-
Balance carried forward	**4,048**	4,048

Notes *(continued)*

23 Profit and loss account

	2014 £000	2013 £000
Group		
Balance brought forward	**12,580**	11,427
Profit for the financial year	**495**	1,153
Equity dividends	**(77)**	-
Balance carried forward	**12,998**	12,580

	2014 £000	2013 £000
Company		
Balance brought forward	**15,473**	14,180
Profit for the financial year	**444**	1,293
Equity dividends	**(77)**	-
Balance carried forward	**15,840**	15,473

24 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Group		
Profit for the financial year	**495**	1,153
Equity dividends	**(77)**	-
Net addition to shareholders' funds	**418**	1,153
Opening shareholders' funds	**16,628**	15,475
Closing shareholders' funds	**17,046**	16,628

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

	2014 £000	2013 £000
Company		
Profit for the financial period	**444**	1,293
Equity dividends	**(77)**	-
Net addition to shareholders' funds	**367**	1,293
Opening shareholders' funds	**19,521**	18,228
Closing shareholders' funds	**19,888**	19,521

Notes *(continued)*

25 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2014 £000	2013 £000
Operating profit	1,387	1,666
Depreciation	867	952
Net share of income from equity accounted investments	(293)	(195)
(Profit)/loss on disposal of fixed assets	(2)	3
Amortisation	(61)	(64)
(Increase)/decrease in stocks	(319)	109
Increase in debtors	(716)	(130)
Increase in creditors	1,871	2,018
Net cash inflow from operating activities	2,734	4,359

Dividends from associates and joint ventures

	2014 £000	2013 £000
Dividends from associates and joint ventures	200	285

Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	-	26
Interest paid	(554)	(231)
Net cash outflow from returns on investments and servicing of finance	(554)	(205)

Taxation

	2014 £000	2013 £000
Taxation	(358)	(339)

Capital expenditure and financial investment

	2014 £000	2013 £000
Proceeds from the sale of tangible fixed assets	2	-
Payments to acquire tangible fixed assets	(15,302)	(10,274)
Net cash outflow from capital expenditure	(15,300)	(10,274)

Financing

	2014 £000	2013 £000
New bank loans	14,408	5,592
Repayment of bank loans	-	(1,787)
New other loans	2,000	5,536
Repayment of other loans	(120)	(60)
Net cash inflow from financing	16,288	9,281

Notes *(continued)*

26 Reconciliation of net cash flow to movement in net debt

	2014 £000	2013 £000
Increase in cash in the period	**2,933**	3,107
Net cash inflow from bank loans	**(14,408)**	(3,805)
Net cash inflow from other loans	**(1,880)**	(5,476)
Change in net debt resulting from cash flows	**(13,355)**	(6,174)
Total change in net debt	**(13,355)**	(6,174)
Opening net debt	**(9,965)**	(3,791)
Closing net debt	**(23,320)**	(9,965)

27 Analysis of changes in net debt

	1 July 2013 £000	Cash flows £000	29 June 2014 £000
Net cash			
Cash in hand and at bank	1,844	2,933	4,777
Overdrafts	-	-	-
	1,844	2,933	4,777
Debt			
Debt due within 1 year	(3,860)	3,822	(38)
Debt due after 1 year	(7,949)	(20,110)	(28,059)
Net debt	**(9,965)**	**(13,355)**	**(23,320)**