

Motorway Services Limited

(Registered Number 637019)

Report and accounts

70 Weeks ended 29 January 2008



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Motorway Services Limited

Report and accounts for the 70 weeks ended 29 January 2008

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Motorway Services Limited

Directors' report

The directors present their report and financial statements for the 70 weeks ended 29 January 2008

Principal activities

The Company is a motorway service area and motel operator

Review of business and future developments

The directors are pleased to report that continued improvements in margin and cost control along with positive sales growth in the period have resulted in a profit for the 70 week period ended 29 January 2008 of £5.6m (2006 £2.2m for the 52 week period)

The net assets of the Company at 29 January 2008 were £78.2m (2006 £72.5m)

Non-fuel sales growth is expected to continue as a result of investment in new units and range enhancements in existing units. In combination with continued focus on margin and cost control, the forecast sales growth is expected to drive further profit improvements in the forthcoming period.

On 23 February 2007 Welcome Break Holdings Limited (the ultimate parent company at the time) and its subsidiary companies ("the Group") completed a £295m leveraged recapitalisation.

To facilitate the transaction Welcome Break Limited distributed a dividend in specie of £157m to Welcome Break Group Limited. Utilising its increased reserves position Welcome Break Group Limited paid a dividend up to Welcome Break Holdings Limited. Following these changes in intergroup debt Welcome Break Group Limited took on £295m of external debt utilising the proceeds to settle the existing £141m of external debt and to lend to Welcome Break Holdings Limited £46m via an intercompany loan. Welcome Break Holdings Limited then used this and existing funds to repay £56m of discounted bonds.

As part of the recapitalisation the Group structure was amended. Welcome Break Holdings Limited repurchased and cancelled 20,000 A1, A2 and A3 shares respectively for an aggregate cost of £987,000. On cancellation of these shares the share capital cancelled was transferred to a Capital Redemption Reserve. The amended capital in Welcome Break Holdings Limited was then acquired by Welcome Break Cayman Limited and Welcome Break Group Holdings Limited. Welcome Break Group Holdings Limited also own 100% of the share capital in Welcome Break Cayman Limited, they are the new ultimate parent of the expanded Group.

Following the insertion of the new ultimate parent company, Welcome Break Holdings Limited paid a dividend of £9m to its shareholders, Welcome Break Cayman Limited in turn paid this to Welcome Break Group Holdings Limited. Welcome Break Group Limited made an intercompany loan of £89m to Welcome Break Group Holdings Limited which repaid £88m of debt generated on the acquisition of Welcome Break Cayman Limited.

Business risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. The principal business risks facing Welcome Break are those associated with the safety and security of visitors and employees.

Results and dividends

The Company's profit for the period is £5.6m (2006 £2.2m). The directors do not recommend the payment of a dividend for the period (2006 £nil).

Motorway Services Limited

Change in accounting period

During the period the directors elected to change the accounting reference date to the 31 January. The financial statements are therefore prepared for the 70 week period ending 29 January 2008

Post balance sheet events

On 28 March 2008 Welcome Break Group Holdings Limited (the ultimate parent company) was sold by its consortium of investors to an investment consortium of infrastructure investors. The holdings of the consortium are, NIBC European Infrastructure Fund 53%, ING European Infrastructure Fund 29%, Challenger Life 14% and management 4%. No adjustment has been made or is required to these accounts in respect of the transaction.

Directors

The directors of the Company as at 29 January 2008 were as follows

Nick Wright

Rod McKie

Dr Brian Worrall

(appointed 1 November 2007)

Guy Vigar resigned as director on 1 November 2007. Andrea Finegan was appointed as Director on 17 June 2008.

Property values

In the opinion of the directors there were no significant differences in aggregate between the market value and book value of the Company's freehold and leasehold interests at 29 January 2008.

Supplier payment policy

The Company does not impose standard payment terms on its suppliers but agrees specific terms with each. It is the Company's policy to pay its suppliers in accordance with the terms that have been agreed. The Company had no trade creditors outstanding at the period (2006: nil) due to the centralised accounting function operated by Welcome Break Group Limited (see note 11).

Employment policies

The employment policies of Motorway Services Limited embody the principles of equal opportunity. This includes suitable procedures to support the Company's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

The Company recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the most relevant level there is a framework for consultation and information, having regard to the mix and locations of the employee population. Management and employees have joint responsibility for maintaining a regular dialogue on matters of local significance that affect them. It is the Company's policy to communicate information on corporate issues via the management of the business and through employee reports and a monthly company newsletter.

Motorway Services Limited

Directors' report (continued)

Environment

The Company is committed to conducting its business in a manner which shows responsibility towards the environment, and in ensuring high standards of health and safety for its employees visitors and the general public. The Company is further committed to taking into account the effect of its working practices upon the environment and in minimising potential negative effects. The Company complies with all statutory and mandatory requirements.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 29 January 2008. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

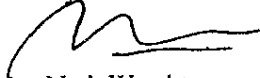
So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware.

Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditor will be proposed at Annual General Meeting.

By order of the Board



Nick Wright
Director

3rd September 2008

Registered Office
2 Vantage Court
Tickford Street,
Newport Pagnell
Bucks MK16 9EZ

Motorway Services Limited

Independent Auditors' Report To The Members Of Motorway Services Limited

We have audited the financial statements of Motorway Services Limited for the 70 weeks ended 29 January 2008 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

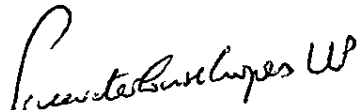
Motorway Services Limited

Independent auditors' report (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 January 2008 and of its profit for the 70 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

3 September 2008

Motorway Services Limited

Profit and loss account for the 70 weeks ended 29 January 2008

	Notes	70 weeks ended 29 January 2008 £'000	52 weeks ended 26 September 2006 £'000
TURNOVER	1b	119,582	84,120
Operating costs	3	(116,027)	(81,831)
OPERATING PROFIT	4	3,555	2,289
Depreciation	1d, 9	(2,389)	(1,869)
Operating profit before depreciation		5,944	4,158
Interest receivable and similar income	7	4,398	2,560
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,953	4,849
Tax on profit on ordinary activities	8	(2,311)	(2,616)
PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	15	5,642	2,233

The Company has no recognised gains and losses other than those set out above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents

All the above items relate to continuing activities

Motorway Services Limited

Balance Sheet as at 29 January 2008

	Notes	29 January 2008 £'000	26 September 2006 £'000
FIXED ASSETS			
Tangible assets	9	24,151	24,093
CURRENT ASSETS			
Stocks	10	1,628	1,489
Debtors	11	54,428	49,199
Cash at bank and in hand		273	205
		<u>56,329</u>	<u>50,893</u>
CREDITORS: amounts falling due within one year	12	(893)	(705)
NET CURRENT ASSETS		<u>55,436</u>	<u>50,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>79,587</u>	<u>74,281</u>
PROVISION FOR LIABILITIES AND CHARGES	13	(1,433)	(1,769)
NET ASSETS		<u>78,154</u>	<u>72,512</u>
CAPITAL AND RESERVES			
Called-up share capital	14	60	60
Share premium account	15	280	280
Revaluation reserve	15	9,076	9,076
Profit and loss account	15	68,738	63,096
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>78,154</u>	<u>72,512</u>

The financial statements on pages 6 to 15 were approved by the board of directors on 3rd Sept 2008 and were signed on its behalf by



Nick Wright
Director

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008

1 Principal accounting policies

The principal accounting policies, adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

(a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets and investments, and in accordance with the Companies Act 1985 and applicable United Kingdom Accounting Standards.

During the period the directors of the company elected to change the accounting reference date to the 31 January. The financial statements are therefore prepared for the 70 week period ending 29 January 2008.

(b) Turnover

Turnover which excludes value added tax and discounts represents the amounts receivable for goods sold and services provided and includes rents receivable.

(c) Valuation of properties and impairment

As permitted by FRS15, the Company changed its accounting policy in respect of property valuations. For periods prior to the year ending 30 September 2000, properties were revalued at intervals and those valuations incorporated into the financial statements. In accordance with the transitional rules of Financial Reporting Standard 15, the most recent valuation carried out pre September 2000 was frozen and reflected as deemed cost.

It is the Group's accounting policy to review its tangible fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assets' residual values and useful lives are reviewed and adjusted if necessary. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) Depreciation

No depreciation is provided on freehold land or leasehold land with an unexpired term of over twenty years. All other assets are depreciated on a straight line basis as follows -

Freehold buildings and integral plant	35 years
Leasehold buildings and integral plant	over unexpired term (maximum 50 years)
Leasehold Land (unexpired term < 20 years)	over unexpired term
Plant and machinery	5 years
Furniture and equipment	3-10 years

(e) Stocks

Stocks are stated at the lower of cost, including motor fuel duty where appropriate, and net realisable value.

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

Principal accounting policies (continued)

(f) Pensions

The Welcome Break Group operates schemes for the benefit of all staff. All members receive benefit of a defined contribution type. Some members, however, hold benefits which are a combination of defined benefit and defined contribution. The funds of the schemes, which are administered by Trustees, are separate from the Group and independent actuaries complete valuations every three years using the projected unit cost method. In accordance with their recommendations, monthly contributions are paid to the schemes so as to secure the benefits set out in the rules. Employer contributions are charged to the profit and loss account in the period in which they become payable. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme. Further details of the Welcome Break Pension Plan are contained within the Group financial statements of Welcome Break Holdings Limited. The amount charged to the profit and loss account represents employer's contributions only.

The company has taken advantage of the provisions of Financial Reporting Standard 17 to treat contributions to the pension scheme as if it were a defined contribution scheme. This is because the underlying assets and liabilities of the scheme cover a number of Welcome Break undertakings and cannot readily be split between each Group undertaking on a consistent and reliable basis.

(g) Leases

The costs of operating leases are charged to the profit and loss account on an accruals basis.

(h) Cash flow statement

The Company is more than 90% owned by Welcome Break Holdings Limited and is included in the consolidated financial statements of Welcome Break Holdings Limited, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

(i) Deferred taxation

The Company provides fully for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are only recognised where it is more likely than not that they will be recovered and deferred tax assets and liabilities are not discounted.

2 Segmental analysis

Turnover and operating profit are derived from one class of business and arise entirely in the United Kingdom.

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

3 Operating costs

	70 weeks ended 29 January 2008 £'000	52 weeks ended 26 September 2006 £'000
Raw materials and consumables	93,525	65,437
Other external charges	10,772	7,885
Depreciation	2,389	1,869
Staff costs		
Wages and salaries	8,712	6,193
Social security costs	564	384
Other pension costs	65	63
	116,027	81,831

4 Operating profit

	70 weeks ended 29 January 2008 £'000	52 weeks ended 26 September 2006 £'000
Operating profit is stated after charging/(crediting)		
Rent receivable	(1,977)	(1,467)
Operating lease charges		
- land and buildings	3,899	2,857
- plant and machinery	479	435
Depreciation of tangible fixed assets		
- owned assets	1,363	1,125
- leased assets	1,026	744

Auditors' remuneration for all group companies is borne by Welcome Break Group Limited and the amount paid is disclosed in its financial statements. No amounts were paid by the Company in respect of non-audit services (2006 £nil)

5 Directors' emoluments

In the period to 29 January 2008 two of the directors were remunerated by Welcome Break Group Limited and no specific allocation of their remuneration has been made in respect of their services to this company. The salary of the one remaining director was paid by Chevron Limited and no recharge was made to the Company in this respect.

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

6 Employee information

The average weekly number of persons employed by the Company during the period was

	70 weeks ended 29 January 2008 Number	52 weeks ended 26 September 2006 Number
United Kingdom - full time	394	426
- part time	201	155
	595	581

7 Interest receivable and similar income

	70 weeks ended 29 January 2008 £'000	52 weeks ended 26 September 2006 £'000
Interest from fellow group undertaking	4,398	2,560

8 Tax on profit on ordinary activities

The taxation charge based on the profit on ordinary activities is made up as follows

	70 weeks ended 29 January 2008 £'000	52 weeks ended 26 September 2006 £'000
Current tax		
Corporation tax at 30% (2005 30%)		-
Group relief payable	2,347	2,342
Adjustment in respect of prior periods	366	476
Total current tax	2,713	2,818
Deferred taxation on timing differences	(402)	(202)
	2,311	2,616

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

The tax assessed for the current period varies from the standard rate of corporation tax in the UK (30%)
The differences are explained below

	70 weeks ended 29 January 2008 £'000	52 weeks ended 26 September 2006 £'000
Profit on ordinary activities before tax	7,953	4,849
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	2,386	1,455
Excess capital allowances over depreciation	(409)	(139)
Tax only adjustment for transfer pricing	(35)	790
Expenses not deductible for tax (primarily depreciation)	405	236
Adjustment in respect of prior periods	366	476
Current tax charge for period	2,713	2,818

9 Tangible assets

	Land & buildings Freehold £'000	Leasehold £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
Cost					
27 September 2006	12,061	15,300	1,811	14,028	43,200
Additions	122	518	674	1,133	2,447
Re-classification	10	4	-	(14)	-
At 29 January 2008	12,193	15,822	2,485	15,147	45,647

Depreciation

27 September 2006	1,641	5,926	384	11,156	19,107
Charge for the period	242	1,026	98	1,023	2,389
At 29 January 2008	1,883	6,952	482	12,179	21,496

Net book value

At 29 January 2008	10,310	8,870	2,003	2,968	24,151
At 27 September 2006	10,420	9,374	1,427	2,872	24,093

10 Stocks

	29 January 2008 £'000	26 September 2006 £'000
Finished goods and goods for resale	1,628	1,489

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

11 Debtors

	29 January 2008 £'000	26 September 2006 £'000
Other debtors and prepayments	1,236	163
Amounts owed by other group undertakings	53,192	49,036
	54,428	49,199

Motorway Services Limited is a subsidiary undertaking within the Welcome Break group of companies. A centralised accounting function is operated by Welcome Break Group Limited which recharges its subsidiaries as appropriate. Accordingly charges processed in this way are included within the amounts owed by other Group undertakings.

12 Creditors: amounts falling due within one year

	29 September 2008 £'000	26 September 2006 £'000
Corporation tax	14	14
Other creditors	251	263
Accruals and deferred income	628	428
	893	705

The Company has guaranteed the obligations of itself, Welcome Break Holdings (1) Limited, Welcome Break Group Limited and Welcome Break Limited under bank loans obtained by Welcome Break Group Limited which are secured by fixed and floating charges over its assets.

13 Provision for liabilities and charges

	Deferred Taxation £'000	Other Provisions £'000	Total £'000
At 27 September 2006	1,621	148	1,769
Credit/Charge for the period	(402)	66	(336)
At 29 January 2008	1,219	214	1,433

Other provisions relate to insurance costs, which have been incurred but not reported or paid, as at the balance sheet date.

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

	29 January 2008 £'000	
Excess of capital allowances over depreciation	1,219	1,621

The unprovided amounts exclude tax on capital gains which might arise on the disposal of properties as any material liability is likely to be deferred by rollover relief

14 Called-up share capital

	29 January 2008 £'000	26 September 2006 £'000
60,000 ordinary shares of £1 each		
Authorised, allotted and fully paid	60	60

15 Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
27 September 2006	60	280	9,076	63,096	72,512
Retained profit for the period	-	-	-	5,642	5,642
At 29 January 2008	60	280	9,076	68,738	78,154

16 Financial commitments

At 29 January 2008 the Company was committed to make payments during the following year under non-cancellable operating leases as follows

	Land & Buildings 2008 £'000	2006 £'000	Other 2008 £'000	2006 £'000
Expiring within one year	-	-	288	315
Expiring between 2 and 5 years inclusive	-	-	32	3
Expiring in over 5 years	3	3	-	-
	3	3	320	318

In addition to the above, other commitments under short term non-cancellable contracts existed at the period end amounting to £207,000 (2006 £147,000)

Motorway Services Limited

Notes to the financial statements for the 70 weeks ended 29 January 2008 (continued)

17 Capital commitments

	2008 £'000	2006 £'000
Future capital expenditure contracted but not provided for	119	-

18 Pension commitments

The Company participates in the Welcome Break Pension Plan. This scheme is of the defined benefit type with a defined contribution underpin and the assets are held separately from the Company's assets. The total pension cost for the Company was £65,000 (2006 £63,000). Further details of the Welcome Break Pension Plan are contained within the consolidated financial statements of Welcome Break Holdings Limited.

19 Related party disclosures

The Company has taken advantage of the exemption provided by Financial Reporting Standard 8, where subsidiary undertakings (of which 90% or more of the voting rights are controlled within the group) are exempt from the need to disclose transactions with other group companies where the ultimate parent publishes its consolidated financial statements. This has been applied in respect of transactions with other Welcome Break Holdings group companies.

20 Ultimate controlling company

Welcome Break Limited, incorporated in England and Wales, is the immediate parent undertaking.

Welcome Break Holdings (1) Limited, incorporated in England and Wales, is the intermediate parent undertaking that heads the smallest group of companies of which the Company is a member and for which group financial statements are prepared. Copies of Welcome Break Holdings (1) Limited consolidated financial statements are available from Companies House.

The ultimate parent undertaking and controlling party is Welcome Break Group Holdings Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Welcome Break Group Holdings Limited's consolidated financial statements are available from Companies House.

21 Post balance sheet events

On 28 March 2008 Welcome Break Group Holdings Limited (the ultimate parent company) was sold by its consortium of investors to an investment consortium of infrastructure investors. The holdings of the consortium are, NIBC European Infrastructure Fund 53%, ING European Infrastructure Fund 29%, Challenger Life 14% and management 4%. No adjustment has been made or is required to these accounts in respect of the transaction.