Motorway Services Limited

(Registered number: 637019)

Annual report and financial statements
For the year ended 31 December 2020

Motorway Services Limited

Annual report and financial statements for the year ended 31 December 2020

Contents

Motorway Services Limited

Strategic report

The directors present their Strategic report on the Company for the year ended 31 December 2020.

Business review

The business has had a challenging year as a result of the impact of the COVID pandemic and associated lockdowns, with turnover of £76.3m which 28.1% down year on year (year ended 31 December 2019: £106.2m). Operating profit before one-off items, depreciation amortisation and rents (EBITDAR) was £7.6m (year ended 31 December 2019: £11.5m). Operating profit before one-off items was £1.7m (year ended 31 December 2019: £4.8m).

The net asset position of the Company at 31 December 2020 is £80.7m (31 December 2019: £83.2m).

Capital expenditure in the year was £2.0m which was lower than previous years as projects were put on hold and deferred whilst the business navigated the pandemic. Key projects that were completed were the rebranding of forecourts to 'Welcome Break' branding which occurred in conjunction with the new fuel supply agreements and the purchase of vended coffee machines to complement the existing coffee offer.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID has been significant on the business with a material reduction in traffic on the UK's motorway network from March to July 2020. Motorway traffic declined by around 85% when the first lockdown was declared with sales similarly affected. All of our sites remained open to the travelling public, but many units and hotels were temporarily closed with trading limited to the forecourt and a retail unit. Management immediately commenced a process to "rightsize" the offering to suit the level of business on the motorway. Catering units commenced re-opening on 14th May with Starbucks and KFC the first brands to open quickly followed by Burger King the following week. Management took a number of actions during that time to protect both profit and cash which included the temporary closure of many units, a cessation of all non-essential overhead expenditure and temporary halt to the ongoing capital expenditure projects. The business was able to take advantage of government support schemes including the hospitality and retail business rates holiday, the deferral of VAT, PAYE and corporation tax payments to HMRC as well as the Coronavirus Job Retention Scheme, allowing for a temporary reduction in headcount whilst parts of the business were not trading.

The impact of the second national lockdown in November 2020 was not as significant. Traffic declines were limited to around 35% with over two thirds of units continuing to trade. The extension of the furlough scheme was helpful in managing temporary closures. Despite the impact on trading performance, the business has navigated the year well and, in particular, has been able to build cash reserves which the Directors consider to be important to deal with any future COVID impact. Since the easing of restrictions from the end of March 2021, motorway traffic has been steadily building and current business performance is very strong. with noticeable pent up 'post lockdown' demand and the increased prevalence of UK based holidays this year.

Statement by the directors on the performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Board of directors of Motorway Services Limited consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the business for the benefit of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the Act) in the decisions they made during the year ended 31 December 2020.

The shareholders favour long term strategies and focus on shareholder value in terms of both long-term investment return (business value) and short-term investment return (dividend stream). The cornerstone of the business is the provision of services at Motorway Service Areas and the directors and management continue to assess customer needs and strive to improve the choice, value and quality of the offers available. The directors consider the key stakeholders of the business (in addition to the shareholders) to be: our customers, our team members, our franchise partners, our suppliers and our landlords.

We strive to operate in a manner which is considerate of our environmental responsibilities and as such have introduced recycling stations in all of our sites, water saving features in the customer toilet facilities and have recently embarked on an LED low energy replacement lighting investment as part of a wider energy reduction program. We also work with our brand partners to reduce waste and have stopped the use of plastic milk bottles in our Starbucks Coffee units and have been trialling a cup recycling scheme.

We recognise that our team members are vitally important to our success and it is their skills, commitment and business experience that are key to delivering our strategy. We regularly ask for their opinions and the annual employee engagement survey is an important part of this. The results are carefully assessed, discussed and actioned. Transparency and openness are also important, and we welcome questions directly to senior management via Q&A sessions at company conferences.

As a visible presence on the UK's motorways our role in the community is key and our relationship with Children in Need has been in place for over a decade with over £5m raised to date. This comes through the support from our customers but also from our team members who drive this relationship with enthusiasm through a variety of fund raising activities and challenges.

The Board of directors are committed to ensuring that the business operates in a responsible manner for all its stakeholders, adhering to high standards of business conduct and good governance. We recognise that the maintenance of our good reputation is fundamental to our continuing ability to achieve profitable growth for the benefit of all our stakeholders in the future.

Principal risks and uncertainties

With regard to the Company, the principal risks and uncertainties are incorporated with the principal risks of the Group and are not managed separately. Therefore, the principal risks and uncertainties of Appia Group Limited, which include those of the Company, are discussed on page 3 of the Group's Annual report which does not form part of this report.

Strategic report (continued)

Financial key performance indicators

The directors of Appia Group Limited manage the Group's operations on a site by site basis and not a company level. For this reason the Company's directors' believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Motorway Services Limited. The development, performance and position of all the sites of Appia Group Limited, which includes the Company, are discussed on page 3 of the Group's Annual report, which does not form part of this report.

This report was approved by the board on 24 August 2021 and signed on its behalf by:

Timothy Lightfoot
Director

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Future developments

The business has been impacted by the decline in sales due to the continuing national lockdown in January 2021. Motorway traffic reduced by around 50%, not as significant as the first national lockdown but more severe than that experienced in November 2020. All sites remained open to the travelling public but with around one third of units closed between January and April 2021. Although current trading is healthy and has been approaching near normal levels, management will continue to monitor the risk of further COVID related restrictions particularly as the business approaches winter 2021/22.

Despite the impact of COVID the business is continuing to invest with the long term in mind.

Going Concern

In completing their going concern assessment, the directors have considered the forecasts and projections of the business undertaken by the group headed by Appia Group Limited, referred to as 'the business' below. The Company is a subsidiary of Appia Group Limited. Appia Group Limited has a number of borrowing facilities, including loans held by Welcome Break Group Limited. The loans held by Welcome Break Group Limited are subject to financial covenants that are measured on the performance of the group of companies headed by Welcome Break Holdings (1) Limited. The Company is a guarantor of the loans held by Welcome Break Group Limited. If the loan covenants on these loans are breached and called for payment, then the Company could be required to realise its assets so as to repay the loans to the extent these could not be repaid by Welcome Break Group Limited. The Company is a subsidiary of both Welcome Break Group Limited and Welcome Break Holdings (1) Limited.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID and the associated lockdowns has been significant on the business with a material reduction in traffic on the UK's motorway network from March to July 2020, in November 2020 and also in the period from January to March 2021. Management have been able to "rightsize" the business during these times and continue to do so. The business was able to take advantage of a number of government support schemes including the hospitality and retail business rates holiday, the deferral of VAT, PAYE and corporation tax payments to HMRC as well as the Coronavirus Job Retention Scheme, allowing for a temporary reduction in headcount whilst parts of the business were not trading.

In June 2020, a successful re-negotiation of terms with Welcome Break Group Limited's lenders was completed which has enabled financial covenants to be either waived or reset until June 2021. The remaining balance of the available capital facility has been temporarily repurposed to become an additional working capital facility; this has been fully drawn down (£25.4m) to provide additional liquidity. The expectation is that this will be repaid and will revert to being a capital expenditure facility in the second half of 2021.

Management have prepared forecast scenarios covering the next 12-18 months which include the impact of COVID on the business. The announcement by the government of the roadmap detailing the lifting of lockdown restrictions has been helpful in terms of business planning, as has the extension of the various government support initiatives, particularly the reduced rate of VAT for hospitality and the continuation of the furlough scheme, all of which has been incorporated into the forecasts.

Directors' report (continued)

Going Concern (continued)

Since the gradual release of lockdown restrictions in March 2021, traffic on the motorways has grown steadily week on week. The reopening of schools has been beneficial to trade with traffic levels more robust versus previous lockdowns (approximately 30% down on normal levels versus 50% previously).

The business returned to an "on budget" performance in May 2021 and results have continued to improve in recent months. There is significant pent-up demand in the UK and, with the ability to easily travel abroad still uncertain, an increased number of holidays are being taken in the UK leading to a surge in traffic volumes. Since the start of the school holidays, summer 2021 has seen traffic turn ins into our sites return to 2019 levels with sales currently exceeding budget.

The revised covenants were comfortably met with trading stronger than anticipated as restrictions were eased. Current forecasts anticipate comfortable headroom when the business returns to normal covenants in September 2021. This position is continually monitored by the directors.

Having reviewed detailed cashflow forecasts, the directors are comfortable that the business, and each company, will have sufficient liquidity to operate for at least the next 12 months, even if revenues are severely impacted. A potential scenario where lockdown restrictions return, for example a national lockdown for three months over winter 2021/22, has also been considered. In this scenario the business would still be able to meet its borrowing covenants on the loans held by Welcome Break Group Limited within the next 12 months.

The business's forecasts and projections over the next 12-18 months indicate that, even with a severe but plausible downside scenario, the business will operate comfortably within its revised banking covenants and will be able to meet all contractual liabilities as they fall due. The directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

Post balance sheet event

On 9 March 2021 Causeway Consortium Limited, a wholly owned subsidiary of Causeway Consortium Holdings Limited, acquired 100% of the shares of the ultimate controlling party Applegreen Limited (formally Applegreen plc).

Dividends

The directors declared a dividend for the year of £4.2m (year ended 31 December 2019: £7.2m).

Key financial and business risks

The exposures and the measures taken to mitigate financial and business risks are reviewed by the directors on a regular basis.

Credit risk
The majority of sales are cash or credit card therefore the Company is not exposed to any significant credit risk. For non-cash sales the Group performs appropriate credit checks on potential customers before sales are made.

Directors' report (continued)

Key financial and business risks (continued)

Liquidity risk
The Group maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk
Interest rate swaps are used to manage interest rate risk.

Foreign exchange risk

As the Group only trades in the United Kingdom it is not exposed to any material foreign exchange risk.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Andrew Cox	
John Diviney	(resigned 17 May 2021)
Timothy Lightfoot	
Niall Dolan	
Martyn Brett-Lee	(appointed 17 May 2021)

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 31 December 2020.

Qualifying third party indemnity provision

A qualifying third party indemnity provision was in place for the Company's directors and officers during the financial year and at the date of approval of the financial statements.

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 an online company information system.

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.

Streamlined energy and carbon reporting

Under changes introduced by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SI 2018/1155'), particular companies are now obliged to report their UK energy use and associated greenhouse gas ('GHG') emissions in their financial statements. Motorway Services Limited's emissions are included within the necessary disclosures on SECR on page 7 of Welcome Break Holdings 1 Limited's financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 company and of the profit or loss of the company for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

The directors 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.

Directors' report (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report was approved by the board on 24 August 2021 and signed on its behalf by

Timothy Lightfoot
Director

pwc

Independent auditors' report to the members of Motorway Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Motorway Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Motorway Services Limited (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance

Independent auditors' report to the members of Motorway Services Limited (continued)

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and regulations, health and safety legislation, taxation regulations, Coronavirus Job Retention Scheme, and the Gambling Act 2005, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management, walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud, and consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- challenging assumptions made by management in their accounting estimates, for example in relation to business rates refunds, depreciation of fixed assets, and recoverability of deferred tax assets, fixed assets, intercompany and trade receivables;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unusual users, and journal entries with specific defined descriptions;
- review of board minutes and legal expenses to identify any inconsistencies with other information provided by management; and
- incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Independent auditors' report to the members of Motorway Services Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
25 August 2021

Motorway Services Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £'000**	Year ended 31 December 2019 £'000
TURNOVER	3	**76,342**	106,249
Cost of sales		**(58,845)**	(77,827)
GROSS PROFIT		**17,497**	28,422
Selling and distribution costs		**(18,160)**	(23,198)
Administrative expenses		**(313)**	(451)
Other operating income		**2,644**	-
OPERATING PROFIT	4	**1,668**	4,773
Interest receivable and similar income	6	**743**	1,088
PROFIT BEFORE TAXATION		**2,411**	5,861
Tax on profit	7	**(665)**	(1,855)
PROFIT FOR THE FINANCIAL YEAR		**1,746**	4,006
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,746**	4,006

Motorway Services Limited

Balance sheet as at 31 December 2020

	Note	**31 December 2020**	31 December 2019
		£'000	£'000
FIXED ASSETS			
Tangible assets	8	**17,154**	17,451
CURRENT ASSETS			
Stocks	9	**1,625**	1,694
Debtors: amounts falling due within one year	10	**99,038**	97,269
Debtors: amounts falling due after more than one year	10	**794**	877
Cash at bank and in hand	11	**181**	204
		101,638	100,044
CREDITORS: amounts falling due within one year	12	**(37,820)**	(34,123)
NET CURRENT ASSETS		**63,818**	65,921
TOTAL ASSETS LESS CURRENT LIABILITIES		**80,972**	83,372
Provisions for liabilities	13	**(235)**	(217)
NET ASSETS		**80,737**	83,155
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	**71,321**	73,739
TOTAL SHAREHOLDERS' FUNDS		**80,737**	83,155

The financial statements on pages 13 to 31 were approved and authorised for issue by the board on 24 August 2021 and were signed on its behalf by:

Timothy Lightfoot
Director

Registered number: 637019

The notes on pages 16 to 31 form part of these financial statements.

Motorway Services Limited

Statement of changes in equity for year ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Re-valuation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2020	60	280	9,076	73,739	83,155
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,746	1,746
Total comprehensive income for the financial year	-	-	-	**1,746**	**1,746**
Dividend payable	-	-	-	(4,164)	(4,164)
Total transactions with owners, recognised directly in equity	-	-	-	**(4,164)**	**(4,164)**
At 31 December 2020	**60**	**280**	**9,076**	**71,321**	**80,737**

Statement of changes in equity for the year ended 31 December 2019.

	Called up share capital £'000	Share premium account £'000	Re-valuation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2019	60	280	9,076	76,909	86,325
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	4,006	4,006
Total comprehensive income for the financial year	-	-	-	**4,006**	**4,006**
Dividend payable	-	-	-	(7,176)	(7,176)
Total transactions with owners, recognised directly in equity	-	-	-	**(7,176)**	**(7,176)**
At 31 December 2019	**60**	**280**	**9,076**	**73,739**	**83,155**

The notes on pages 16 to 31 form part of these financial statements.

1 Principal accounting policies

(a) General information

Motorway Services Limited's ('the Company') principal activity is the operation of motorway service areas and motels.

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is: 2 Vantage Court, Tickford Street, Newport Pagnell, Buckinghamshire MK16 9EZ.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

In completing their going concern assessment, the directors have considered the forecasts and projections of the business undertaken by the group headed by Appia Group Limited, referred to as 'the business' below. The Company is a subsidiary of Appia Group Limited. Appia Group Limited has a number of borrowing facilities, including loans held by Welcome Break Group Limited. The loans held by Welcome Break Group Limited are subject to financial covenants that are measured on the performance of the group of companies headed by Welcome Break Holdings (1) Limited. The Company is a guarantor of the loans held by Welcome Break Group Limited. If the loan covenants on these loans are breached and called for payment, then the Company could be required to realise its assets so as to repay the loans to the extent these could not be repaid by Welcome Break Group Limited. The Company is a subsidiary of both Welcome Break Group Limited and Welcome Break Holdings (1) Limited.

The business's principal activity is the operation of Motorway Service Areas ("MSAs"). The impact of COVID and the associated lockdowns has been significant on the business with a material reduction in traffic on the UK's motorway network from March to July 2020, in November 2020 and also in the period from January to March 2021. Management have been able to "rightsize" the business during these times and continue to do so. The business was able to take advantage of a number of government support schemes including the hospitality and retail business rates holiday, the deferral of VAT, PAYE and corporation tax payments to HMRC as well as the Coronavirus Job Retention Scheme, allowing for a temporary reduction in headcount whilst parts of the business were not trading.

In June 2020, a successful re-negotiation of terms with Welcome Break Group Limited's lenders was completed which has enabled financial covenants to be either waived or reset until June 2021. The remaining balance of the available capital facility has been temporarily repurposed to become an additional working capital facility; this has been fully drawn down (£25.4m) to provide additional liquidity. The expectation is that this will be repaid and will revert to being a capital expenditure facility in the second half of 2021.

Management have prepared forecast scenarios covering the next 12-18 months which include the impact of COVID on the business. The announcement by the government of the roadmap detailing the lifting of lockdown restrictions has been helpful in terms of business planning, as has the extension of the various government support initiatives, particularly the reduced rate of VAT for hospitality and the continuation of the furlough scheme, all of which has been incorporated into the forecasts. Since the gradual release of lockdown restrictions in March 2021, traffic on the motorways has grown steadily week on week. The reopening of schools has been beneficial to trade with traffic levels more robust versus previous lockdowns (approximately 30% down on normal levels versus 50% previously).

1 Principal accounting policies (continued)

(b) Basis of preparation

The business returned to an "on budget" performance in May 2021 and results have continued to improve in recent months. There is significant pent-up demand in the UK and, with the ability to easily travel abroad still uncertain, an increased number of holidays are being taken in the UK leading to a surge in traffic volumes. Since the start of the school holidays, summer 2021 has seen traffic turn ins into our sites return to 2019 levels with sales currently exceeding budget.

The revised covenants were comfortably met with trading stronger than anticipated as restrictions were eased. Current forecasts anticipate comfortable headroom when the business returns to normal covenants in September 2021. This position is continually monitored by the directors.

Having reviewed detailed cashflow forecasts, the directors are comfortable that the business, and each company, will have sufficient liquidity to operate for at least the next 12 months, even if revenues are severely impacted. A potential scenario where lockdown restrictions return, for example a national lockdown for three months over winter 2021/22, has also been considered. In this scenario the business would still be able to meet its borrowing covenants on the loans held by Welcome Break Group Limited within the next 12 months.

The business's forecasts and projections over the next 12-18 months indicate that, even with a severe but plausible downside scenario, the business will operate comfortably within its revised banking covenants and will be able to meet all contractual liabilities as they fall due. The directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

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

(c) Exemptions for qualifying entities under FRS102

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland":

- the requirement to prepare a statement of cash flows. [Section 7 of FRS102 and para 3.17(d)]
- the non-disclosure of key management personnel compensation in total. [FRS 102 para 33.7]
- certain financial instrument disclosures [FRS102 paras 11.39-11.48A, 12.26-12.29]

This information is included in the consolidated financial statements of Appia Group Limited for the year ended 31 December 2020. Copies of Appia Group Limited's consolidated financial statements can be obtained from Companies House (as an Appendix to Appia Europe Limited).

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and Appia Group Limited includes the Company's cash flow in its own consolidated financial statements.

1 Principal accounting policies (continued)

(d) Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

(e) Turnover

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

The Company recognises turnover for goods and services when, and to the extent that, the Group obtains the right to consideration in exchange for its performance and specifically for:

i) retail sales – the Company operates retail shops, catering units and forecourts for the sale of a range of branded products and fuel. Sales of goods are recognised on sale to the customer at the point of sale. Retail sales are usually settled by cash, credit card or fuel card.

Refunds are not provided for as the value of these is insignificant and difficult to estimate reliably.

ii) hotel sales – revenue derived from hotel operations includes the rental of rooms and food and beverage sales. Revenue is recognised when the rooms are occupied and food and beverages are sold. Hotel sales are usually settled by credit card or credit account.

iii) gaming income – the Company recognises takings due from playing gaming machines less any payouts as turnover at the point the machine is played.

iv) parking sales – the Company receives income for parking from private and commercial contracts.

Under specific agreements where the Company acts as an agent and receives a commission for the sale of certain products the amounts included within turnover represent the commission receivable on these transactions.

Where turnover is invoiced in advance it is deferred on the balance sheet and is recognised as turnover in the year to which it relates.

(f) Operating leases: lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

(g) Operating leases: lessor

Rentals received under operating leases are credited to the profit or loss on a straight line basis over the period of the lease.

(h) One-off items

The Company identifies one-off charges or credits that have a material impact on the Company's financial results and discloses these separately to provide further understanding of the financial performance of the Company.

1 Principal accounting policies (continued)

(i) Government grants

Government grant income is recognised, using the accrual model, where the company has complied with the scheme conditions and is virtually certain the grant income will be received, as other operating income within the statement of comprehensive income.

(j) Interest income

Interest income is recognised in the statement of comprehensive income in the financial year in which they are received.

(k) Taxation

Current tax
Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

(l) Pensions

The Group operates pension schemes for the benefit of all staff. Members' pension benefits are based on either defined contributions or defined benefits or a combination of both. The funds of those schemes, which are administered by Trustees, are held separate from the Group. 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 statement of comprehensive income in the year 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 financial statements of Welcome Break Group Limited. The amount charged to the statement of comprehensive income represents employer's contributions only.

1 Principal accounting policies (continued)

(m) Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method as follows:

Freehold property	-	50 years
Leasehold property	-	over the term of the lease or useful life, whichever is lower
Plant and machinery	-	20 years
Fixtures, fittings and equipment	-	5-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

(n) Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

(o) Cash and cash equivalents

Cash is represented by cash in hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Financial instruments

The Company only enters into financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Sections 11 and 12 of FRS102 are applied in the recognition and measurement of financial instruments.

1 Principal accounting policies (continued)

(p) Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables and receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(q) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably.

The amount recognised as provisions is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The effect of the time value of money is not material and therefore the provisions are not discounted.

(r) Dividend distribution

Final dividends to the company's shareholders are recognised as a liability in the group's financial statements in the year in which dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

(s) Share capital

Ordinary shares are recognised as equity.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the year in which the estimate is revised.

The Directors believe that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for:

(a) Deferred tax
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing, nature and level of future taxable income. The recognition of deferred tax assets relating to tax losses carried forward relies on profit projections and taxable profit forecasts prepared by management, where a number of assumptions are required based on the levels of growth in profits and the reversal of deferred tax.

(b) Depreciation
The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement.

(b) Depreciation (continued)
The useful lives of the Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

(c) Impairment of assets
The carrying amounts of the Company's tangible assets are reviewed annually to determine whether there is any indication of impairment. The recoverable amounts of each site has been determined based on value-in-use calculations which require the use of estimates including cash flow forecasts, the determination of an appropriate weighted average cost of capital (WACC) and fair value determined by external valuers. Such estimates are subject to change as a result of changing economic conditions. As forecasting future cash flows is dependent upon the Company's ability to generate returns from the assets invested across its portfolio of sites, estimates are required in relation to future cashflows which will support the asset value. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

(d) Business Rates
At the year end the Company is in negotiation with the Valuation Office on the business rates payable for its motorway service areas. The business rate costs recognised in the results are based on guidance from professional advisors and reflects the Company's best estimate of the cost to the business for the period and the refund expected from local authorities.

Motorway Services Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Turnover

Turnover is attributable to the Company's principal activity being the operation of motorway service areas and hotels.

Analysis of turnover by category:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Sales of goods and services	**76,183**	106,152
Rent receivable under operating leases (note 1(g))	**159**	97
	76,342	106,249

All turnover arose in the United Kingdom.

4 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Inventory recognised as an expense	**57,107**	74,670
Depreciation of tangible fixed assets (note 8)	**2,242**	2,153
Operating lease charges - land and buildings	**3,714**	4,605
Operating lease charges - other	**218**	345
Other pension costs (note 18)	**255**	202

The company has received £130,000 in grants relating to the Eat Out to Help Out Scheme and £1,498,000 in grants relating to the Coronavirus Job Retention Scheme and this income is reported in Other Operating Income in the Statement of Comprehensive Income.

Auditors' remuneration for the audit of all group companies and their financial statements is borne by Welcome Break Group Limited. The total amount payable for the current financial year is £284,000 (year ended 31 December 2019: £249,000). The fee allocated to Motorway Services Limited is £14,000 (year ended 31 December 2019: £13,000). No amounts were paid by the Company in respect of non-audit services (year ended 31 December 2019: £nil).

5 Employees and directors

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	**7,292**	8,911
Social security costs	**412**	500
Other pension costs	**255**	202
	7,959	9,613

The average monthly number of persons employed by the Company during the year was:

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
By activity:		
- operational	**535**	638

In the year to 31 December 2020 two directors (year ended 31 December 2019: two current and one past director) were remunerated by Welcome Break Group Limited and the amount receivable is disclosed in its financial statements. It is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. The remaining directors received no remuneration for services provided to Appia Group Limited or any of its subsidiaries (year ended 31 December 2019: £nil).

6 Interest receivable and similar income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Interest from fellow group undertakings	**743**	1,088

Motorway Services Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Tax on profit

The tax charge is made up as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Current tax:		
Group relief payable	**584**	1,252
Adjustments in respect of prior periods	**(2)**	313
Total current tax	**582**	1,565
Deferred tax:		
Deferred taxation: origination and reversal of timing differences	**200**	255
Deferred taxation: adjustment in respect of prior periods	**(14)**	62
Deferred taxation: changes in tax rates	**(103)**	(27)
Total deferred tax	**83**	290
Tax on profit	**665**	1,855

The tax assessed for the current year varies (year ended 31 December 2019: varies) from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2019: 19%). The differences are explained below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Profit before taxation	**2,411**	5,861
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (year ended 31 December 2019: 19%)	**458**	1,114
Effects of:		
Tax adjustment for transfer pricing	**205**	281
Adjustments in respect of prior periods	**(16)**	375
Expenses deductible for tax	**121**	112
Re-measurement of deferred tax – change in UK tax rate	**(103)**	(27)
Total tax charge for the financial year	**665**	1,855

In the Spring Budget 2021 the Government announced the corporation tax rate would remain at 19% until 1 April 2023. On 1 April 2023 the corporation tax rate will change to 25%. This new law was substantively enacted on 11 March 2021.

The impact of the change in rate is to increase the deferred tax asset to £1,044,000. The deferred tax disclosures in the statutory accounts include balances measured at 19%, as this was the tax rate in force at the balance sheet date.

Motorway Services Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Tangible assets

	Land and buildings		Plant and machinery	Fixtures, fittings and equipment	Total
	Freehold	Leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2020	9,671	21,937	7,808	22,585	62,001
Additions	-	156	117	1,683	1,956
Disposals	-	(9)	-	(21)	(30)
Reclassifications and transfers	-	-	9	1	10
At 31 December 2020	**9,671**	**22,084**	**7,934**	**24,248**	**63,937**
Accumulated depreciation					
At 1 January 2020	4,891	15,619	4,160	19,880	44,550
Charge for the year	320	809	364	749	2,242
Reclassifications and transfers	-	(9)	-	-	(9)
At 31 December 2020	**5,211**	**16,419**	**4,524**	**20,629**	**46,783**
Net book value					
At 31 December 2020	**4,460**	**5,665**	**3,410**	**3,619**	**17,154**
At 31 December 2019	4,780	6,318	3,648	2,705	17,451

The net book value of land and buildings may be further analysed as follows:

	31 December 2020 £'000	31 December 2019 £'000
Freehold	**4,460**	4,780
Short leasehold	**5,665**	6,318
	10,125	11,098

9 Stocks

	31 December 2020 £'000	31 December 2019 £'000
Finished goods and goods for resale	**1,625**	1,694

There is no significant difference between the replacement cost of stock and its carrying amount.

10 Debtors

	31 December 2020 £'000	31 December 2019 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	**98,100**	96,427
Other debtors	**29**	31
Prepayments and accrued income	**909**	811
	99,038	97,269

	31 December 2020 £'000	31 December 2019 £'000
Amounts falling due after more than one year		
Deferred tax asset	**794**	877

Deferred tax asset

	31 December 2020 £'000	31 December 2019 £'000
Short term timing differences	**6**	10
Excess of depreciation over capital allowances	**788**	867
	794	877

	£'000
At 1 January 2020	877
Charged to profit and loss account	(83)
At 31 December 2020	**794**

The amounts owed by group undertakings are unsecured, attract interest at LIBOR plus 1% on the net amounts and are repayable on demand.

Motorway Services Limited is a subsidiary undertaking within the Welcome Break group of companies (Welcome Break Holdings Limited and subsidiary undertakings). 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.

11 Cash at bank and in hand

	31 December 2020 £'000	31 December 2019 £'000
Cash at bank and in hand	**181**	204

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Creditors: amounts falling due within one year

	31 December 2020 £'000	31 December 2019 £'000
Amounts due to group undertakings	**36,267**	32,450
Other taxation and social security	**9**	9
Other creditors	**545**	411
Accruals and deferred income	**999**	1,253
	37,820	34,123

The amounts due to group undertakings are unsecured, attract interest at LIBOR plus 1% on the net amounts and are repayable on demand.

13 Provisions for liabilities

	£'000
At 1 January 2020	217
Charge for the year	18
At 31 December 2020	**235**

Provision for liabilities relates to self-insurance costs. These have been incurred but not reported or paid as at the balance sheet date and are expected to be utilised within the next 3 years.

14 Called up share capital

	31 December 2020 £'000	31 December 2019 £'000
Allotted and fully paid		
60,000 (31 December 2019: 60,000) ordinary shares of £1 each	**60**	60

A final dividend has been agreed for the year ended 31 December 2020. The dividend has been accounted for within the current year's financial statements.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Final dividend payable	**4,164**	7,176

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Reserves

Share premium
The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

Revaluation reserve
This reserve represents historic differences between the book cost of fixed assets and the current cost at various valuation dates.

Profit and loss account
The profit and loss account represents the accumulated profits, losses and distributions of the Company.

16 Financial commitments

At 31 December 2020 and 31 December 2019, the Company was committed to make payments during the following year under non-cancellable operating leases as follows:

Payments due	Land and Buildings		Other	
	31 December 2020 £'000	31 December 2019 £'000	**31 December 2020 £'000**	31 December 2019 £'000
Not later than one year	**-**	200	**4**	24

As of the balance sheet date, Motorway Services Limited is not contractually committed to any operating lease agreements, given the existing contracts from all leasehold sites ended in February 2020. The entity is currently in discussions with the landlord to renew the contracts however are still currently occupying the sites on a rolling lease basis, based on the expired contracts.

17 Capital commitments

	31 December 2020 £'000	31 December 2019 £'000
Future capital expenditure contracted but not provided for	**-**	95

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 relating to the defined contribution scheme was £255,000 (year ended 31 December 2019: £202,000). At the year end there were unpaid pension contributions of £32,000 (31 December 2019: £53,000). Further details of the Welcome Break Pension Plan are contained within the consolidated financial statements of Welcome Break Group Limited.

19 Related party disclosures

During the year to 31 December 2020 the Company transacted with Welcome Break Limited, the immediate parent company, who holds 91.67% of the shares in the Company. The Company was charged rent of £3,711,000 (year ended 31 December 2019: £4,601,000) and received interest of £743,000 (year ended 31 December 2019: £1,088,000). In addition MSL declared a dividend due to Welcome Break Limited of £3,817,000 (31 December 2019: £6,578,000). The balance at 31 December 2020 due to Welcome Break Limited is £42,295,000 (31 December 2019: £35,510,000).

During the year to 31 December 2020 the Company transacted with Welcome Break Group Limited, a company which is a wholly owned subsidiary of Appia Group Limited. 91.67% of the voting shares in this company are controlled within this group. The Company was charged a management fee of £99,000 (year ended 31 December 2019: £240,000). Welcome Break Group Limited operates the bank account on behalf of Motorway Services Limited. The net amount of payments and receipts in the year was £5,320,000 (year ended 31 December 2019: £9,374,000), due from Welcome Break Group Limited. The Company claimed £581,000 group relief (year ended 31 December 2019: £2,850,000). The balance at 31 December 2020 due from Welcome Break Group Limited is £134,359,000 (31 December 2019: £129,719,000).

During the year to 31 December 2020 the Company had no transactions with Welcome Break Holdings Limited, a company which is a wholly owned subsidiary of Appia Group Limited (year ended 31 December 2019: £nil). 91.67% of the voting shares in this company are controlled within this group. The balance at 31 December 2020 due to Welcome Break Holdings Limited is £22,860,000 (31 December 2019: £22,860,000).

During the year to 31 December 2020 the Company had no transactions with Welcome Break Services Limited, a company which is a wholly owned subsidiary of Appia Group Limited (year ended 31 December 2019: £nil). 91.67% of the voting shares in this company are controlled within this group. The balance at 31 December 2020 due to Welcome Break Services Limited is £1,072,000 (31 December 2019: £1,072,000).

During the year to 31 December 2020 the Company had no transactions with Welcome Break No. 1 Limited, a company which is a wholly owned subsidiary of Appia Group Limited. 91.67% of the voting shares in this company are controlled within this group. The balance at 31 December 2020 due to Welcome Break No. 1 Limited is £309,000 (31 December 2019: £309,000).

During the year to 31 December 2020 the Company had no transactions with Appia Europe Limited, a company which is a wholly owned subsidiary of Appia Group Limited. 91.67% of the voting shares in this company are controlled within this group. The balance at 31 December 2020 due to Appia Europe Limited is £5,990,000 (31 December 2019: £5,990,000).

20 Ultimate controlling company

The Company is controlled by Welcome Break Limited (incorporated in the England and Wales) which owns 91.67% of the Company's shares. The remaining 8.33% of shares are owned by Valero Energy Limited.

20 Ultimate controlling company (continued)

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 registered office of Welcome Break Limited and Welcome Break Holdings (1) Limited is 2 Vantage Court, Newport Pagnell, Buckinghamshire MK18 3EU.

Appia Group Limited, incorporated in Jersey, is the ultimate parent company and is owned by Petrogas Holdings UK Limited 50.01%, Rome One LP 33.29% and Rome Two LP 16.70%. The registered office of Appia Group Limited is 44 Esplanade, St Helier, Jersey JE4 9WG.

Applegreen plc, the ultimate controlling party, is the largest group to consolidate these financial statements. The registered office of Applegreen PLC is Block 17 Joyce Way Parkwest Dublin 12 Ireland.

21 Post balance sheet event

On 9 March 2021 Causeway Consortium Limited, a wholly owned subsidiary of Causeway Consortium Holdings Limited, acquired 100% of the shares of the ultimate controlling party Applegreen Limited (formally Applegreen plc).