REGISTERED NUMBER 01713437

ROADCHEF LIMITED

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 DECEMBER 2018

ROADCHEF LIMITED

COMPANY INFORMATION

DIRECTORS	M Fox S Turl I McKay R Tindale J Muirhead
SECRETARY	M Hedditch
REGISTERED OFFICE	Roadchef House Norton Canes MSA Betty's Lane Norton Canes Cannock Staffordshire WS11 9UX
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT
BANKERS	Barclays Bank Plc 1 Churchill Place London E14 5HP

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The directors present their Strategic Report for the year ended 30 December 2018. The comparative period was the year ended 31 December 2017.

Review of the business

Principal activities
Roadchef Limited ("the Company") and its subsidiaries (together "the Group") operated 20 Motorway Service Areas over 28 sides of the motorway in the United Kingdom for the year ended 30 December 2018. The Group also operated a 2 sided Service Area at Sutton Scotney on the A34. We do not anticipate the principal activities of the business to change in the foreseeable future.

Financial summary
The Group has had a successful year with revenue of £191.8m for the year ended 30 December 2018, which was 5.2% up on the previous year on a like-for-like basis. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was £39.1m, up 5.1%. Underlying EBITDA is used as a key measure of the group's performance and operational effectiveness.

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Revenue	**191.8**	188.8
Underlying operating profit:		
Operating profit	**6.3**	6.8
Property impairments	**1.6**	-
Exceptional items	**3.3**	4.1
IAS 19 pension expenses and associated costs	**0.8**	0.5
Underlying operating profit	**12.0**	11.4
Amortisation and depreciation	**27.1**	25.8
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	**39.1**	37.2
Loss before taxation	**(4.3)**	(6.5)

Business environment and strategy
The following narrative relates to the underlying trade of the Group which the directors consider to be the primary drivers of the business.

The UK Motorway Service Area market is concentrated in the hands of three major operators and several smaller operators. With an annual turnover of more than £191m, the Group operates roadside service areas at 30 key locations across the UK. The Group's sites are located at strategic positions on the UK motorway network.

There are approximately 50 million visits to the Group's sites in a year and 75% of these visits result in the visitor being converted to a customer. Recent investment in the catering offering at key sites has proven to improve conversion.

The Group's business strategies are as follows:

• Service our customers in as friendly and efficient a manner as possible;
• Ensure that the brand and services that the Group offers are what our customers want and that the standards are what they expect or better;
• Ensure that products, staff and tills are available to serve customers;
• Close management of key performance indicators, such as growth in amenity building sales; and
• Competitively priced within the motorway service industry.

Investing in brands and services aligned to customer wants
Management believes that the consistency and quality offered by well-known high street brands drives sales growth.

Following a change in ownership of the Group in 2014, the Group initiated its multi-million pound development plan of the Motorway Service Areas. Management has been committed to increasing the variety of offerings to its customers with new catering outlets, as well as enhancing the quality of experience for customers through the refurbishment of existing outlets. Alongside this, management have invested in enhancing the general amenity building space and facilities throughout the estate.

The Group's drive to add variety and choice of quality brands for customers has been at the forefront of efforts in recent years, and management were excited to announce a new partnership with Pret A Manger during 2017. Following the Group's first Pret A Manger opening in 2017, another unit has since been opened at Clacket Lane Westbound during 2018.

Management were also delighted to introduce the first Leon on the UK's motorway network at Strensham Southbound in 2017, shortly followed by a further unit at Norton Canes. Leon has an emphasis on bringing customers good tasting, healthy fast food and adds an exciting diversity to the Group's portfolio of catering outlets.

Following the success of the Group's opening of the first Costa Drive Thru on the UK's motorway network in 2016, the Group has continued a roll out of new units throughout 2017 and 2018 with 18 units open at the end of 2018.

Management continually assess the suitability and success of the Group's offerings and plan to make further investments to enhance the estate during 2019.

Review of the business (continued)

The board monitors progress on the Group strategy and the individual strategic elements by reference to the following key performance indicators:

	30 December 2018	31 December 2017	Definition, method of calculation and analysis
Growth in amenity building and drive thru sales (%)	**5.2%**	3.2%	Year-on-year sales growth expressed as a percentage. Continued sales growth is underpinned by strong growth from existing McDonald's in the estate as well as new revenues from the introduction of seven Costa Drive Thru units in the year.
Gross margin in the amenity building and drive thru (%)	**60.5%**	60.7%	The amenity building gross margin is the ratio of gross profit to sales expressed as a percentage. The gross margin is comparable year-on-year and is judged to be at a satisfactory level.
Amenity building and drive thru transactions (m)	**31.3**	30.2	This is the actual number of transactions recorded in the Group's retail and catering outlets. Transactions this year have increased by 1.1m and are being driven by the strength in popularity of the offerings in place.
Spend per transaction (£)	**£5.08**	£5.01	This is the sale of goods (as given in note 3) divided by the number of transactions. The average spend per transaction has increased during the year, which the directors take as a key indicator of customer satisfaction with offerings and products available.

In addition to the amenity building sales discussed above, the Group has significant revenues generated from the provision of services and rental income from forecourts. Revenue from the provision of services includes revenue from hotels, parking and gaming.

On 31 January 2019 the Group and Company refinanced its bank borrowings. Total available bank borrowings of £271.8m have been secured which includes a term loan, a capital expenditure facility, and a revolving credit facility. The new facilities support the Group's growth initiatives and optimise cash generation through significantly lower financing costs and extended maturity to 2024.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks:

Competition: Currently a government programme of new road building is not in focus, with government policy leaning towards road widening and the use of the hard shoulder. As this policy will not result in additional motorway service stations being built, there is not the competition risk associated with new roads.

UK withdrawal from the EU: Following the 2016 referendum decision for the UK to leave the EU, there has been increased uncertainty in markets related to the Group's activities. The majority of the Group's direct suppliers are based in the UK and management work closely with these to secure competitive pricing. The Group's customer base is the travelling public in the UK. Whilst there is uncertainty in the impact that a UK exit from the EU will have on the economy, management are confident that the Group's operations are robust enough to deal with the challenges that this could bring.

Financial risk management policies
The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, fixed and floating rate borrowings, finance leases, interest rate swaps and equity instruments.

Discussion of the risks associated with these financial instruments is included in note 24 to the financial statements.

Capital management
The Group's objectives, when managing capital, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Covenants attached to the Group's borrowings do not require consideration of capital management other than the provision of an equity cure, by means of increases in capital, against what would otherwise constitute a breach in financial covenant.

On behalf of the board

J Muirhead
Director

Date: 22 May 2019

The directors present their report and audited consolidated financial statements for the year ended 30 December 2018.

The Company is a private limited company and is incorporated and domiciled in the UK.

Directors
Details of all the directors who have held office since 31 December 2017 are given below:

M Fox (appointed 3 September 2018)
S Turl
I McKay
R Tindale
J Muirhead

Results and dividends
The results for the year are set out on page 9. The directors do not recommend the payment of a dividend (31 December 2017: £nil).

Future developments
As discussed in the strategic report, on 31 January 2019 the Group and Company refinanced its bank borrowings. Existing bank borrowings held at 30 December 2018 have been repaid.

After giving consideration to both the quantitative and qualitative impact of the refinance, the relevant financial liabilities held immediately prior to the refinance shall be extinguished. As a result, existing unamortised finance costs of £3.3m have been charged to finance costs after the reporting date.

The principal activities, organisational structure and debt structure of the Group are not anticipated to change in the foreseeable future. Management plans to develop the existing portfolio of Motorway Service Areas, as described in the Strategic Report.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Equal opportunities
The Group is an equal opportunities employer. Its policy is to ensure that recruitment, selection, training, development and promotion procedures result in no applicant or employee receiving less favourable and discriminatory treatment on the grounds of sex, age, race, nationality, creed, ethnic origin, disability, sexual orientation, marital status or by conditions or requirements which cannot be shown to be justifiable.

Employee involvement
The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Employees, or their representatives, are consulted on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests. The Group makes use of an annual employee engagement survey to collect the views and opinions of its employees. The Group also encourages all levels of staff to fulfil their own potential and offers internal training, secondment and promotion opportunities to enable this. The Group is one of the few hospitality businesses with a Gold Investors in People accreditation, demonstrating the exceptional standards and commitment that the business maintains as an employer.

Going concern
The Group's business activities, financial risk policies and exposures, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group's key sensitivity is the level of trading it achieves which is dependent on a number of factors, including fuel prices and the wider economy. Trading is actively monitored by the board of directors through the use of daily and weekly sales statistics. This level and frequency of information ensures that the board is able to make quick short-term decisions to drive volume growth or to formulate more long-term strategic decisions.

The Group meets its day-to-day working capital requirements through an overdraft facility. In addition, the Group has bank debt, finance leases and intercompany borrowings which it uses to finance the Group's activities.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group expects to operate within the level of its current facilities and to meet minimum covenant requirements in respect of these facilities.

The Group has net assets of £62.1m (31 December 2017: £70.5m) and net current liabilities of £67.4m (31 December 2017: £38.6m). The Group has received confirmation of support from intermediate parent companies to assist in meeting liabilities as and when they fall due. The directors are of the opinion that the Group has sufficient funds to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' liability insurance and indemnity
The Group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains the same as at the date of approving the Directors' Report.

Directors' statement as to disclosure of information to the auditors
The directors who were members of the board at the time of approving the Directors' Report are listed on page 4. Having made enquiries of fellow directors and of the Group's auditors, each of these directors confirms that:

• To the best of each directors' knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and

• Each director had taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the group auditors were aware of that information.

Corporate Governance

Introduction
The directors recognise that good governance helps the business implement its strategy, protect shareholder value and minimise risk and the Company is committed to maintaining high standards of corporate governance. The Group's corporate governance is part of the overall governance framework of the Group, and is directed in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability. The directors are responsible for the policies and controls put in place to discharge the Group's responsibilities and these include, for example, a sound system of internal controls and risk management procedures.

Financial reporting
The Group has in place internal control and risk management systems in relation to the Company's financial reporting process and the process for preparation of financial statements. These systems include policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets: provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU; require representatives of the businesses to clarify that their reported information gives a true and fair view of the state of affairs of the business and its results for the financial year; and review and reconcile reported data.

Independent auditors
In accordance with section 485 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be reappointed auditors of the Company will be put to the Annual General Meeting.

On behalf of the board

James Muirhead

J Muirhead
Director

Date: 22 May 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 DECEMBER 2018

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 year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

Each of the directors, whose names and functions are listed in Statement of Directors' responsibilities confirm that, to the best of their knowledge:

• the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
• the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
• the Directors' Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the board

James Muirhead

J Muirhead
Director

Date: 22 May 2019

Independent auditors' report to the members of Roadchef Limited

Report on the audit of the financial statements

Opinion

In our opinion, Roadchef Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 December 2018 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Reports and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 December 2018; the consolidated income statement and consolidated statement of other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements 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 group 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 30 December 2018 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

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 set out on page 6, 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 group's and 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 group or 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 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.

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.

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 received 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 23 May 2019

ROADCHEF LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 DECEMBER 2018

	Note	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Revenue	3	**191.8**	188.8
Cost of sales		**(67.4)**	(69.6)
Gross profit		**124.4**	119.2
Administrative expenses:			
Before exceptional items and property impairments		**(113.2)**	(108.3)
Property impairments	13	**(1.6)**	-
Exceptional items	6	**(3.3)**	(4.1)
		(118.1)	(112.4)
Operating profit		**6.3**	6.8
Loss on disposal of property, plant and equipment	13	**(0.2)**	(0.1)
Finance costs	10	**(10.4)**	(13.2)
Loss before taxation		**(4.3)**	(6.5)
Taxation	11	**(0.7)**	0.2
Loss for the financial year	27	**(5.0)**	(6.3)

The income statement has been prepared on the basis that all operations are continuing operations.

ROADCHEF LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 DECEMBER 2018

	Note	**Year ended 30 December 2018 £'m**	Year ended 31 December 2017 £'m
Loss for the financial year	27	**(5.0)**	(6.3)
Items that will not be reclassified to the income statement:			
Actuarial gains on pension schemes	28	**0.1**	2.9
IFRIC 14 pension scheme adjustment	28	**0.3**	(0.4)
Property impairments	13	**(4.3)**	-
Taxation on components of other comprehensive expense	11	**0.5**	(0.4)
Total other comprehensive (expense)/ income for the year		**(3.4)**	2.5
Total comprehensive expense for the year		**(8.4)**	(3.8)

ROADCHEF LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 30 DECEMBER 2018

	Note	30 December 2018 £'m	31 December 2017 £'m
Assets			
Non-current assets			
Intangible assets	12	**2.3**	3.3
Property, plant and equipment	13	**368.8**	378.7
Derivative financial assets	21	**2.1**	1.8
Other assets	15	**0.9**	-
		374.1	383.8
Current assets			
Inventories	16	**3.4**	3.4
Debtors - amounts falling due within one year	17	**12.4**	12.3
Cash and cash equivalents	18	**11.1**	2.3
		26.9	18.0
Total assets		**401.0**	401.8
Liabilities			
Current liabilities			
Creditors - amounts falling due within one year	19	**(89.2)**	(52.4)
Loans and borrowings	22	**(4.4)**	(3.5)
Deferred revenue	23	**(0.7)**	(0.7)
		(94.3)	(56.6)
Non-current liabilities			
Loans and borrowings	22	**(214.3)**	(206.7)
Employee benefit liabilities	28	**(0.5)**	(1.9)
Creditors - amounts falling due in more than one year	20	**-**	(35.0)
Deferred revenue	23	**(9.4)**	(10.1)
Deferred tax liabilities	11	**(20.4)**	(21.0)
		(244.6)	(274.7)
Total liabilities		**(338.9)**	(331.3)
Net assets		**62.1**	70.5
Equity			
Ordinary shares	26	**34.1**	34.1
Capital reserve	27	**0.2**	1.6
Revaluation reserve	27	**115.0**	124.0
Accumulated losses	27	**(87.2)**	(89.2)
Total equity		**62.1**	70.5

The financial statements on pages 9 to 48 were approved by the board of directors and authorised for issue on 22 May 2019 and were signed on its behalf.

J Muirhead
Director

The notes on pages 16 to 48 are an integral part of these financial statements.

ROADCHEF LIMITED

COMPANY BALANCE SHEET
AS AT 30 DECEMBER 2018

	Note	30 December 2018 £'m	31 December 2017 £'m
Assets			
Non-current assets			
Intangible assets	12	**1.4**	2.5
Property, plant and equipment	13	**1.1**	1.2
Investments in subsidiaries	14	**302.8**	302.8
Derivative financial assets	21	**2.1**	1.8
		307.4	308.3
Current assets			
Debtors - amounts falling due within one year	17	**43.7**	41.9
Cash and cash equivalents	18	**6.0**	0.2
		49.7	42.1
Total assets		**357.1**	350.4
Liabilities			
Current liabilities			
Creditors - amounts falling due within one year	19	**(120.6)**	(75.3)
Loans and borrowings	22	**(0.3)**	(0.5)
		(120.9)	(75.8)
Non-current liabilities			
Loans and borrowings	22	**(86.7)**	(75.7)
Creditors - amounts falling due in more than one year	20	**-**	(35.0)
		(86.7)	(110.7)
Total liabilities		**(207.6)**	(186.5)
Net assets		**149.5**	163.9
Equity			
Ordinary shares	26	**34.1**	34.1
Capital reserve	27	**-**	1.4
Retained earnings	27	**115.4**	128.4
Total equity		**149.5**	163.9

The Company has not presented its own income statement, as permitted by section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the parent company, Roadchef Limited, was £7.6m (31 December 2017: £7.9m).

The financial statements on pages 9 to 48 were approved by the board of directors and authorised for issue on 22 May 2019 and were signed on its behalf.

James Muirhead

J Muirhead
Director

Registered Number 01713437

The notes on pages 16 to 48 are an integral part of these financial statements.

ROADCHEF LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 DECEMBER 2018

	Note	Ordinary shares £'m	Capital reserve £'m	Revaluation reserve £'m	Accumulated losses £'m	Total equity £'m
Group						
At 4 January 2017		34.1	4.3	129.2	(94.3)	73.3
Loss for the financial year		-	-	-	(6.3)	(6.3)
Other comprehensive income		-	-	-	2.1	2.1
Capital contribution		-	1.4	-	-	1.4
Reserve transfer		-	(4.1)	(5.2)	9.3	-
At 31 December 2017		**34.1**	**1.6**	**124.0**	**(89.2)**	**70.5**
Loss for the financial year	27	-	-	-	(5.0)	(5.0)
Other comprehensive (expense)/ income	27	-	-	(3.7)	0.3	(3.4)
Reserve transfer	27	-	(1.4)	(5.3)	6.7	-
At 30 December 2018		**34.1**	**0.2**	**115.0**	**(87.2)**	**62.1**

	Note	Ordinary shares £'m	Capital reserve £'m	Retained earnings £'m	Total equity £'m
Company					
At 4 January 2017		34.1	2.7	133.6	170.4
Loss for the financial year		-	-	(7.9)	(7.9)
Capital contribution		-	1.4	-	1.4
Reserve transfer		-	(2.7)	2.7	-
At 31 December 2017		**34.1**	**1.4**	**128.4**	**163.9**
Change in accounting policy	29	-	-	(6.8)	(6.8)
Loss for the financial year	27	-	-	(7.6)	(7.6)
Reserve transfer	27	-	(1.4)	1.4	-
At 30 December 2018		**34.1**	**-**	**115.4**	**149.5**

ROADCHEF LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 DECEMBER 2018

	Note	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Net cash inflow from operating activities	36	**31.3**	32.0
Investing activities			
Purchase of intangible assets	12	**(0.4)**	(0.8)
Purchase of property, plant and equipment	13	**(21.9)**	(29.3)
		(22.3)	(30.1)
Financing activities			
Interest paid		**(4.1)**	(7.4)
Interest element of finance lease payments		**(0.3)**	(0.3)
Repayment of capital element of finance leases		**(0.9)**	(1.2)
Repayment of borrowings		**(1.9)**	(7.8)
Parent entity repayments		**(3.0)**	(9.8)
New borrowings		**10.0**	22.0
Issue costs of new borrowings		**-**	(0.4)
		(0.2)	(4.9)
Increase/ (decrease) in cash in the year		**8.8**	(3.0)
Cash and cash equivalents brought forward	18	**2.3**	5.3
Cash and cash equivalents carried forward	18	**11.1**	2.3

ROADCHEF LIMITED

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 DECEMBER 2018

	Note	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Net cash outflow from operating activities	36	**(1.5)**	(11.8)
Investing activities			
Purchase of intangible assets	12	**(0.2)**	(0.8)
Purchase of property, plant and equipment	13	**(0.1)**	(0.2)
		(0.3)	(1.0)
Financing activities			
Interest paid		**(1.8)**	(2.7)
Interest element of finance lease payments		**(0.1)**	(0.1)
Repayment of capital element of finance leases		**(0.5)**	(0.6)
Repayments of borrowings		**-**	(5.9)
New borrowings		**10.0**	22.0
Issue costs of new borrowings		**-**	(0.4)
		7.6	12.3
Increase/ (decrease) in cash in the year		**5.8**	(0.5)
Cash and cash equivalents brought forward	18	**0.2**	0.7
Cash and cash equivalents carried forward	18	**6.0**	0.2

1 Accounting policies

Basis of preparation
The financial statements have been prepared for the year ended 30 December 2018. The comparative period was the year ended 31 December 2017.

The Group and Company financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements have been prepared under the historical cost convention, with the exception of derivative financial instruments which are stated at market value. The principal accounting policies are set out below.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Financial risk policies and exposures are set out in note 24. The Group's key sensitivity is the level of trading it achieves which is dependent on a number of factors outside the Group's control, including fuel prices and the wider economy. Trading is actively monitored by the board of directors through the use of daily and weekly sales statistics. This level and frequency of information ensures that the board is able to make quick short-term decisions to drive volume growth or to formulate more long-term strategic decisions.

The Group meets its day-to-day working capital requirements through an overdraft facility. In addition the Group has bank debt and intercompany borrowings which it uses to finance the Group's activities.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group expects to operate within the level of its current facilities and to meet minimum covenant requirements in respect of these facilities.

The Group has net assets of £62.1m (31 December 2017: £70.5m) and net current liabilities of £67.4m (31 December 2017: £38.6m). The Group has received confirmation of support from intermediate parent companies to assist in meeting liabilities as and when they fall due. The directors are of the opinion that the Group has sufficient funds to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation
The Group financial statements consolidate the financial statements of Roadchef Limited and its subsidiary undertakings for the year ended 30 December 2018. Acquisitions are accounted for under the acquisition method. The comparative period was the year ended 31 December 2017.

Goodwill
Business combinations are accounted for using the acquisition method. Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and tested annually for impairment loss with reference to the cash-generating units to which it has been allocated.

Revenue
Revenue consists of the amounts received from customers in the UK from the Group's continuing activity, excluding Value Added Tax. As detailed in note 3, revenue on catering, grocery, retail and hotel sales is recognised when control of the goods or services are transferred to the customer.

Deferred revenue, being advances received from various third parties in respect of lease incentives, is amortised to revenue over the period of each agreement.

Interest and finance costs
Interest on loans drawn specifically for new developments, incurred up to the date of practical completion, is capitalised as part of the cost of construction. Financing costs associated with new borrowings are recognised in the income statement over the term of the borrowings at a constant rate on the carrying amount. Finance costs represent the difference between the total amount of the payments that will have to be made in respect of the borrowing instrument and the fair value of the consideration received on the issue of the instrument after deduction of costs that have been incurred and which are directly associated with the issue of that instrument and which would not have arisen had the instrument not been issued.

Vendor allowances
The Group receives various types of vendor allowances. These take the form of upfront payments such as lump sum payments or prepaid amounts, rebates, in the form of cash or credits, and other forms of payments. These amounts are shown as a reduction in the cost of sales as the Group becomes entitled to them.

1 Accounting policies (continued)

Costs of development and pre-opening expenses
External costs of development are capitalised if the cost can be reliably measured and it is probable that future economic benefits associated with the item will flow to the entity. Otherwise they are written off to the income statement as incurred.

Pre-opening expenses incurred prior to the opening of new motorway service area outlets are written off in the period in which they arise. These are presented within exceptional items due to their non-recurring nature and material size.

Intangible assets
Intangible assets are stated at cost less any accumulated amortisation and any provision for impairment, and are written off over their expected useful lives on a straight line basis as follows:

Computer software	5 years
Licences and agreements	Over the period of the relevant agreement

Amortisation of intangible assets is charged to administrative expense in the income statement.

Property, plant and equipment
Property, plant and equipment is stated at cost (including capitalised interest) or deemed cost, net of depreciation and any provision for impairment, and are written off over their expected useful lives on a straight line basis as follows:

Freehold and long leasehold buildings	50 years
Long leasehold land	Over the term of the lease
Short leasehold land and buildings	Over the term of the lease
Short leasehold improvements	Over the term of the lease

Plant and machinery, fixtures and fittings and computer equipment are all included within 'Fixtures, fittings and equipment' in note 13 and are written off over their expected useful lives on a straight line basis as follows:

Plant and machinery	5 - 25 years
Fixtures and fittings	5 - 7 years
Computer equipment	3 - 5 years

Assets in the course of construction are not depreciated until the date of completion.

Impairment of non-financial assets
The Group and Company's non-financial assets include goodwill, property, plant and equipment and investments in subsidiaries. At each reporting date, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, an impairment is calculated as the difference between the carrying value and the recoverable value of the asset, or cash-generating unit. Recoverable value is the higher of net realisable value and estimated value in use at the date the impairment loss is recognised. Value in use represents the present value of expected future discounted cash flows. Impairment losses are recognised through the income statement.

Impairment of financial assets
The Group considers at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Provisions for impairment are measured using an expected credit loss model. Disclosures relating to the impairment of financial assets are given in the Strategic report.

Investment in subsidiaries
Investment in subsidiaries are stated at cost less provision for impairment.

Inventories
Inventories are stated at the lower of cost, on a standard costing basis, and net realisable value. There is no inclusion of overheads in inventories.

Loans and borrowings
Loans and borrowings are initially stated at fair value, net of directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Pensions
The pension costs for defined contribution schemes are the contributions payable in the year. The Group operates two pension schemes providing benefits based on final pensionable pay. The assets of these schemes are held separately from those of the Group. The pension scheme surplus or deficit is recognised in full to the extent allowed giving consideration to IFRIC 14. The liability recognised in respect of defined benefit schemes is the present value of the defined benefit obligation less the market value of the assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using interest rates on high quality corporate bonds denominated in sterling. The movement in the scheme surplus/deficit is split between administrative expenses, finance costs and other comprehensive income in line with IAS 19.

1 Accounting policies (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

• When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

• In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

• When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

• In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction, either in the income statement or other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Cash and cash equivalents

For the purpose of the Consolidated and Company Cash Flow Statements, cash and cash equivalents comprise cash at bank and in hand and bank overdrafts held.

Exceptional items

Exceptional items comprise events or transactions which by virtue of their size and incidence the directors consider to be exceptional in nature and have been disclosed separately, in order to improve a reader's understanding of the financial statements.

Fair value measurement

Derivatives are measured at fair value at each balance sheet date and are accounted for as fair value through profit and loss. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 25.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1 Accounting policies (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Leased assets: Lessor
Rentals received under operating leases are credited to revenue on a straight line basis over each lease term.

Leased assets: Lessee
Rentals paid under operating leases are charged to administrative expenses on a straight line basis over each lease term.

Assets held under finance leases are capitalised in the statement of financial position and depreciated over their useful lives. The capital element of future obligations under finance leases are included as liabilities in the statement of financial position. The interest element of the rental obligations are charged in finance costs over the period of the lease.

New standards, amendments and IFRIC interpretations
Other than disclosed in note 29, no new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 December 2018, have had a material impact on the Group or Company.

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 December 2018 and have not been early adopted by the Group.

IFRS 16 *Leases* is a new standard will result in almost all leases being recognised on the balance sheet by lessees, since the distinction between operating and finance leases is removed. Under the new standard, an asset (that is, the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Lease payments that are contingent upon revenue are also excluded from recognition as a lease liability. The standard will affect primarily the accounting for the Group's operating leases.

The Group will apply the standard for its first accounting period beginning from the mandatory adoption date of 1 January 2019, which will be the year ending 27 December 2020. The first date of application of the new standard will be 30 December 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

At 30 December 2018, the Group has non-cancellable operating lease commitments of £4.7m which are not contingent upon revenue (see note 31). In respect of these lease commitments, on 30 December 2019, the Group expects to recognise right-of-use assets of approximately £2.6m and lease liabilities of £1.3m. Prepaid operating lease payments of £1.8m will be released as part of this initial recognition adjustment. Overall net assets will be approximately £0.5m lower.

The Group expects that net profit after tax will decrease by approximately £0.2m for the year ended 27 December 2020 as a result of adopting the new rules.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group or Company in the current or future reporting periods or on foreseeable future transactions.

2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimates

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 12.

Defined benefit plans (pension benefits)
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, mortality rates and inflation. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about pension obligations are provided in note 28.

Fair value measurement of financial instruments
The Group measures derivative financial instruments in the form of interest rate swaps at fair value updated at each reporting date.

Further details about derivative financial instruments are provided in note 21.

Judgements

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on taxes are disclosed in note 11.

Consolidation
Roadchef (Employee Benefits Trust) limited ("REBTL") is a 100% subsidiary of the Roadchef Group ("Roadchef") and acts as a trustee for the Roadchef Employee Benefits Trust ("EBT1"). REBTL has represented the interests of EBT1 through court proceedings against Tim Ingram Hill and other defendants. Following a High Court Ruling against the defendants on 29 January 2014 an agreement for settlement of anticipated receipts from the defendants was reached on 19 November 2014 (the "Agreement") which are now held by "EBT1" for eventual distribution to beneficiaries.

The directors of Roadchef believe it is not appropriate to consolidate the assets of EBT1 as they do not have control over EBT1 pursuant to the various rulings and the Agreement and have no residual liability or asset in relation to these funds. In particular Roadchef has no control over who individual beneficiaries are, nor the quantum of potential distribution to them.

Furthermore no employee of Roadchef has been a director of REBTL since 29 July 2016 nor has EBT1 had any potential reliance on support from Roadchef since 2014. Were the assets and liabilities of EBT1 to be consolidated within Roadchef they would not affect the net asset position of Roadchef.

If Roadchef assists in the distribution of these funds to current employees in the future it will be acting as an agent only. To the extent that EBT1 holds these funds they will not be consolidated in the accounts of Roadchef for the reasons mentioned above. Any funds received from EBT1 by Roadchef would be restricted and only available for making payments to the beneficiaries of the trust. Any funds received by Roadchef from EBT1 for distribution to beneficiaries and undistributed at a future balance sheet date would be disclosed within the assets of Roadchef with a corresponding liability.

3 Revenue

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Sale of goods	**158.8**	157.6
Provision of services	**25.2**	24.5
Rental income	**7.8**	6.7
	191.8	188.8

Revenue from the sale of goods and provision of services is recognised when control is transferred to the customer. Payment from customers is taken at the point in which performance obligations have been met, which is typically on transfer of goods or rendering of a service to customers.

The balance of contract assets and liabilities at 30 December 2018 is £nil (31 December 2017: £nil).

There are no outstanding performance obligations associated with contracts with customers at 30 December 2018 (31 December 2017: none).

4 Cost of sales

Cost of sales includes:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Costs of inventories recognised as an expense	**50.4**	52.4
Franchise fees	**8.4**	7.8
Consumables, disposables and distribution	**5.5**	5.1

5 Administrative expenses

Administrative expenses include:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Depreciation of property, plant and equipment (note 13):		
- owned assets	**16.3**	14.7
- leased assets	**9.4**	9.7
Amortisation of intangible assets (note 12):		
- owned assets	**1.4**	1.0
- leased assets	**-**	0.4
Operating lease rentals:		
- land and buildings	**2.6**	2.5
- plant and machinery	**0.5**	0.6
Business rates	**7.6**	7.3
Insurance costs	**0.9**	0.9
IT costs	**2.3**	2.1
Repairs and maintenance	**3.1**	3.2
Utilities	**5.6**	4.9
IAS 19 pension expenses and associated costs	**0.8**	0.5
Employee benefit expenses (note 7)	**55.7**	52.1
Auditors' remuneration - audit fees (note 9)	**0.2**	0.2
Other fees to auditors (note 9)	**0.1**	0.1

6 Exceptional items

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Exceptional items:		
Restructuring costs	1.6	1.4
Pre-opening expenses	1.0	2.0
Onerous contract costs	0.2	-
Other	0.5	0.7
	3.3	4.1

The restructuring costs in the year relate to costs following an internal reorganisation and non-recurring consultancy fees on a labour optimisation project.

Pre-opening expenses relate to non-capital costs associated with the opening of new units, which included seven Costa Drive Thru units, a Pret A Manger and a Spar during the year.

Onerous contract costs have been incurred on the termination of certain contracts during the year.

The cash impact of exceptional items is materially consistent with the amounts as presented above.

The tax impact of the above items has been to reduce the current tax charge by £0.5m (31 December 2017: £0.8m).

7 Employee benefit expenses

The average monthly number of employees during the year was made up as follows:

Group	Year ended 30 December 2018 Number	Year ended 31 December 2017 Number
Motorway Service Areas	3,530	3,437
Head office	92	85
	3,622	3,522

Their payroll costs comprised:

	£'m	£'m
Wages and salaries	51.7	48.6
Social security costs	3.2	2.9
Other pension costs (note 28)	0.8	0.6
	55.7	52.1

Company	Year ended 30 December 2018 Number	Year ended 31 December 2017 Number
Head office	92	85
	92	85

Their payroll costs comprised:

	£'m	£'m
Wages and salaries	5.7	4.6
Social security costs	0.7	0.5
Other pension costs (note 28)	0.2	0.2
	6.6	5.3

8 Directors' remuneration

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Short-term employee benefits	1.7	1.3

	Number	Number
Number of directors accruing benefits under money purchase schemes	3	2

	£'m	£'m
In respect of the highest paid director:		
Short-term employee benefits	0.6	0.5

There were no directors (31 December 2017: none) who were members of a defined benefit pension scheme.

Directors' advances are disclosed in note 31.

9 Auditors' remuneration

	Year ended 30 December 2018 £'000	Year ended 31 December 2017 £'000
The remuneration of the auditors or its associates is further analysed as follows:		
Auditors' remuneration:		
Audit of the financial statements*	40	36
Audit of other group companies	164	141
Total audit	204	177
Auditors' remuneration - other services		
Taxation compliance services	23	-
Tax advisory services	59	88
Other assurance services	10	-
Total other services	92	88

* £10,000 (31 December 2017: £10,000) of this relates to the Company.

10 Finance costs

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Bank loans and overdrafts	7.6	7.1
Finance costs of loans	1.3	1.3
Finance costs payable under finance leases	0.3	0.3
Loans from group companies	1.4	4.1
Other interest	0.1	0.1
Fair value movement on derivatives (note 21)	(0.3)	0.2
Pensions (note 28)	-	0.1
	10.4	13.2

11 Taxation

Taxation through consolidated income statement:	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Corporation tax		
Current tax on loss for the year	**1.1**	0.3
Adjustments in respect of prior periods	**(0.3)**	-
Total current tax	**0.8**	0.3
Deferred tax		
Origination and reversal of timing differences	**(0.2)**	(0.2)
Adjustments in respect of prior periods	**0.1**	(0.3)
Total tax charged/ (credited) to income statement	**0.7**	(0.2)

Taxation through consolidated statement of other comprehensive income:	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Deferred tax		
Deferred tax related to items recognised in other comprehensive income during the year:		
Property impairment	**(0.6)**	-
Movement in pension schemes	**0.1**	0.4
Total tax (credited)/ charged to other comprehensive (expense)/ income	**(0.5)**	0.4

The total current tax charge is different to the standard rate of corporation tax in the UK of 19.00% (31 December 2017: 19.25%). The material differences are reconciled below:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Loss before taxation	**(4.3)**	(6.5)
Loss before taxation multiplied by the UK tax rate of 19.00% (31 December 2017: 19.25%)	**(0.8)**	(1.3)
Adjustments in respect of prior periods	**(0.2)**	(0.3)
Group relief surrendered not paid for	**0.2**	0.3
Expenses not deductible for tax purposes	**1.5**	1.1
Total tax charged/ (credited) to income statement	**0.7**	(0.2)

11 Taxation (continued)

Reconciliation of deferred taxes

Group	Consolidated balance sheet		Consolidated income	
	30 December 2018 £'m	31 December 2017 £'m	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Property, plant and equipment	**(29.1)**	(30.3)	**0.6**	0.7
Pension fund	**0.1**	0.3	**(0.1)**	(0.2)
Losses	**6.9**	7.1	**(0.2)**	(0.1)
Other short term timing differences	**1.7**	1.9	**(0.2)**	0.1
Deferred tax credit through income statement			**0.1**	0.5
Net deferred tax liability	**(20.4)**	(21.0)		
Reflected as:				
Deferred tax liabilities	**(20.4)**	(21.0)		
	(20.4)	(21.0)		

Movements in net deferred tax liability:	30 December 2018 £'m	31 December 2017 £'m
Net deferred tax liability		
Opening liability	**(21.0)**	(21.1)
Credit through income statement	**0.1**	0.5
Credit/ (charge) through other comprehensive (expense)/ income	**0.5**	(0.4)
Closing liability	**(20.4)**	(21.0)

The Group has chosen not to recognise a potential deferred tax asset of £1.0m in respect of corporate interest restrictions (31 December 2017: £nil) due to uncertainty over the recoverability of this asset.

Factors that may affect future tax charges

At the Balance Sheet date a rate of 17% (effective from 6 September 2016) had been substantively enacted, applicable for periods beginning 1 April 2020. The current corporation tax rate of 19% will reduce to 17% on 1 April 2020. The deferred tax balances above have been calculated with reference to the corporation tax rate due to be in effect on the date at which the balance is anticipated to reverse.

Reconciliation of deferred taxes

Company	Company balance sheet		Company income statement	
	30 December 2018 £'m	31 December 2017 £'m	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Property, plant and equipment	-	(0.1)	**0.1**	0.3
Losses	-	0.1	**(0.1)**	(0.3)
Deferred tax charge through income statement			-	-
Net deferred tax position	-	-		

The Company has chosen not to recognise a potential deferred tax asset of £5.2m in respect of brought forward tax losses and corporate interest restrictions (31 December 2017: £4.4m) due to uncertainty over the recoverability of this asset.

12 Intangible assets

Group

	Goodwill on consolidation £'m	Computer Software £'m	Licences and agreements £'m	Total £'m
Cost or valuation				
At 1 January 2018	1.0	6.8	0.5	8.3
Additions	-	0.4	-	0.4
At 30 December 2018	**1.0**	**7.2**	**0.5**	**8.7**
Accumulated amortisation				
At 1 January 2018	0.2	4.5	0.3	5.0
Charge for year	-	1.3	0.1	1.4
At 30 December 2018	**0.2**	**5.8**	**0.4**	**6.4**
Net book value				
At 30 December 2018	**0.8**	**1.4**	**0.1**	**2.3**
At 31 December 2017	0.8	2.3	0.2	3.3

Computer software and licences are amortised over their estimated useful economic life, as detailed in the accounting policies.

Goodwill relates to the acquisition of First Motorway Services Limited in 2011. The entire carrying amount of goodwill has been allocated to the Magor motorway services as a cash generating unit ("CGU").

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The recoverable amounts of the Magor CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2023. Other major assumptions are as follows:

Discount rate	**8.0%**
Growth rate	**3.0%**

The recoverable amounts of the Magor CGU has been estimated to exceed the carrying amount by £19.3m (31 December 2017: £8.7m).

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

Discount rate	**Increase from 8.0% to 18.3%**
Growth rate	**Reduction from 3.0% growth to 8% decline**

The directors are of the opinion that the sensitivity in key assumptions used is within tolerable levels.

Company

	Computer Software £'m	Licences and agreements £'m	Total £'m
Cost			
At 1 January 2018	6.8	0.2	7.0
Additions	0.2	-	0.2
At 30 December 2018	**7.0**	**0.2**	**7.2**
Accumulated amortisation			
At 1 January 2018	4.5	-	4.5
Charge for year	1.3	-	1.3
At 30 December 2018	**5.8**	**-**	**5.8**
Net book value			
At 30 December 2018	**1.2**	**0.2**	**1.4**
At 31 December 2017	2.3	0.2	2.5

13 Property, plant and equipment

Group	Land and buildings					
	Freehold £'m	Long leasehold £'m	Short leasehold £'m	Short leasehold improvements £'m	Fixtures, fittings and equipment £'m	Total £'m
Cost or deemed cost						
At 1 January 2018	135.1	53.2	188.9	12.2	98.8	488.2
Additions	0.6	1.0	-	-	20.3	21.9
Disposals	-	-	-	-	(5.7)	(5.7)
At 30 December 2018	**135.7**	**54.2**	**188.9**	**12.2**	**113.4**	**504.4**
Accumulated depreciation						
At 1 January 2018	11.2	3.8	51.4	2.2	40.9	109.5
Charge for year	2.0	1.0	7.7	0.3	14.7	25.7
Disposals	-	-	-	-	(5.5)	(5.5)
Impairment	1.8	3.6	0.5	-	-	5.9
At 30 December 2018	**15.0**	**8.4**	**59.6**	**2.5**	**50.1**	**135.6**
Net book value						
At 30 December 2018	**120.7**	**45.8**	**129.3**	**9.7**	**63.3**	**368.8**
At 31 December 2017	123.9	49.4	137.5	10.0	57.9	378.7

Property, plant and equipment includes assets in the course of construction with a cost of £0.1m (31 December 2017: £1.3m).

Fixtures, fittings and equipment includes assets with a cost of £5.6m (31 December 2017: £6.5m) and net book value of £1.7m (31 December 2017: £2.2m) subject to finance leases.

The leasehold land and buildings were professionally valued by external valuers Cushman & Wakefield, as at 17 December 2018, on an open market for existing use basis, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual, and based upon a multiple of projected future earnings before interest, taxation, depreciation and amortisation ("EBITDA"). The recoverable amount calculated falls into level 3 of the fair value hierarchy. The market value of property, plant and equipment at 17 December 2018 was £417.6m.

A review of individual site carrying values gave rise to an impairment in the year of £7.0m in respect of land and buildings (31 December 2017: £nil), and a reversal of previously recognised impairments of £1.1m (31 December 2017: £nil). A net £4.3m has been charged to revaluation reserve with £1.6m to the income statement. The recoverable amount of assets impaired in the year was £104.5m against a carrying value of £110.4m.

At 30 December 2018, the Group had unprovided capital commitments of £1.2m (31 December 2017: £1.3m).

Company	Freehold land £'m	Fixtures fittings and equipment £'m	Total £'m
Cost			
At 1 January 2018	0.3	1.4	1.7
Additions	-	0.1	0.1
At 30 December 2018	**0.3**	**1.5**	**1.8**
Accumulated depreciation			
At 1 January 2018	-	0.5	0.5
Charge for year	-	0.2	0.2
At 30 December 2018	**-**	**0.7**	**0.7**
Net book value			
At 30 December 2018	**0.3**	**0.8**	**1.1**
At 1 January 2018	0.3	0.9	1.2

14 Investments in subsidiaries

Company	Subsidiary undertaking £'m
Cost and net book value	
At 31 December 2017 and 30 December 2018	**302.8**

The Company's subsidiaries are listed below. These companies are wholly owned and the shareholdings are in ordinary shares. Aside from those otherwise stated, the registered address of these companies is Roadchef House, Norton Canes MSA, Betty's Lane, Norton Canes, Cannock, Staffordshire, WS11 9UX.

Name	Holding	Principal activity
Roadchef Newco 1 Limited	Direct	Intermediate holding company
Roadchef Newco 2 Limited	Direct	Intermediate holding company
Roadchef Newco 3 Limited	Direct	Property holding company
Roadchef Motorways Holdings Limited	Indirect	Intermediate holding company
Roadchef Development Holdings Limited	Indirect	Motorway Service Area
Roadchef Motorways Limited	Indirect	Motorway Service Area
Blue Boar Motorways Limited	Indirect	Motorway Service Area
First Motorway Services Limited	Indirect	Motorway Service Area
Takeabreak Motorway Services Limited *	Indirect	Non-trading company
Roadchef Properties Limited *	Direct	Non-trading company
Roadchef (Chasewater) Limited *	Indirect	Non-trading company
Roadchef (Chesterfield) Limited *	Indirect	Non-trading company
Roadchef (Stafford) Limited *	Indirect	Non-trading company
Roadchef Finance Limited **	Indirect	Non-trading company
Roadchef (Winchester) Limited	Indirect	Non-trading company
Roadchef (Employee Benefits Trustees) Limited	Direct	Non-trading company
Blue Boar Group Limited	Direct	Non-trading company
Blue Boar Group (1995) Limited	Indirect	Non-trading company
Blue Boar Company Limited	Indirect	Non-trading company
Roadchef (Profit Sharing Trustees) Limited	Direct	Non-trading company
Roadchef Management Trustees Limited	Direct	Non-trading company
McDonald's Costa Limited	Direct	Non-trading company
Roadchef (Chester) Limited	Indirect	Non-trading company
Roadchef (Clacket Lane) Limited	Indirect	Non-trading company
Roadchef (Durham) Limited	Indirect	Non-trading company
Roadchef (Killington) Limited	Indirect	Non-trading company
Roadchef Costa Coffee Limited	Indirect	Non-trading company
Roadchef (Pont Abraham) Limited	Indirect	Non-trading company
Roadchef (Rownhams) Limited	Indirect	Non-trading company
Roadchef (Sandbach) Limited	Indirect	Non-trading company
Roadchef (Sedgemoor) Limited	Indirect	Non-trading company
Roadchef (Taunton) Limited	Indirect	Non-trading company
Superlodge Limited	Indirect	Non-trading company

* Registered in the United Kingdom at 45 Church Street, Birmingham, B3 2RT.
** Registered in Cayman Islands at Ugland House, South Church Street, PO Box 309, George Town, Grand Cayman.

15 Other assets

	30 December 2018 £'m	31 December 2017 £'m
Group		
Long term prepayments	**0.9**	-

Long term prepayments relate to payments made to enter call option agreements which give the Group the right to purchase undeveloped land.

16 Inventories

Group	30 December 2018 £'m	31 December 2017 £'m
Raw materials and consumables	**0.3**	0.3
Goods for resale	**3.1**	3.1
	3.4	3.4

The replacement value of stock is not materially different to its cost in either year.

17 Debtors - amounts falling due within one year

	30 December 2018 £'m	31 December 2017 £'m
Group		
Trade receivables	**3.5**	3.9
Other receivables	**0.7**	0.6
Prepayments and accrued income	**8.2**	7.8
	12.4	12.3

As at 30 December 2018, trade receivables of £0.1m (31 December 2017: £1.1m) were past due. The ageing analysis of these receivables is as follows:

	30 December 2018 £'m	31 December 2017 £'m
Past due		
1-30 days	**0.1**	0.5
31-60 days	**-**	0.1
> 60 days	**-**	0.5
	0.1	1.1

The movement in provision for impairment against trade receivables is as follows:

	30 December 2018 £'m	31 December 2017 £'m
Opening provision	**0.1**	-
Allowances released	**(0.1)**	0.1
Closing provision	**-**	0.1

There is no difference in the provision for impairment calculated under the expected credit loss model of IFRS 9 as previously recorded under IAS 39. Based upon historical experience in collecting from past due receivables, along with an assessment of individual customers abilities to make payments, the Group believes that no closing allowance for doubtful receivables is required to cover the risk of default.

	30 December 2018 £'m	31 December 2017 £'m
Company		
Amounts owed by group companies	**41.4**	41.3
Other receivables	**2.0**	0.3
Prepayments and accrued income	**0.3**	0.3
	43.7	41.9

Amounts owed by other group companies are non-interest bearing and contractually repayable on demand. The likelihood of default on amounts owed by other group companies has been considered with a provision for impairment of £6.8m included at 30 December 2018 (31 December 2017: £nil). No provision had previously been recorded prior to the application of IFRS 9. See note 29 for further detail of transition adjustments made.

18 Cash and cash equivalents

	30 December 2018 £'m	31 December 2017 £'m
Group		
Cash and cash equivalents	**11.1**	2.3

	30 December 2018 £'m	31 December 2017 £'m
Company		
Cash and cash equivalents	**6.0**	0.2

19 Creditors - amounts falling due within one year

	30 December 2018 £'m	31 December 2017 £'m
Group		
Trade payables	**12.8**	13.2
Amounts owed to group company	**58.0**	24.2
Other taxes and social security	**4.0**	3.7
Other payables	**0.2**	0.2
Accruals	**14.2**	11.1
	89.2	52.4

	30 December 2018 £'m	31 December 2017 £'m
Company		
Trade payables	**1.9**	1.3
Amounts owed to group companies	**113.8**	71.2
Other taxes and social security	**0.7**	-
Other payables	**0.1**	0.2
Accruals	**4.1**	2.6
	120.6	75.3

Amounts owed to group companies are unsecured, non-interest bearing and contractually repayable on demand.

Other terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 45-day terms
- Other taxes and social security are non-interest bearing and fall due for payment within two months of the reporting date
- Other payables are non-interest bearing and fall due for payment within one month of the reporting date

20 Creditors - amounts falling due in more than one year

	30 December 2018 £'m	31 December 2017 £'m
Group		
Amounts owed to group companies	**-**	35.0

	30 December 2018 £'m	31 December 2017 £'m
Company		
Amounts owed to group companies	**-**	35.0

21 Derivative financial assets

The Group conducts derivative transactions in the form of interest rate swap contracts. The purpose is to manage the interest rate risk arising from the Group's sources of finance. It is the Group's policy that no trading in financial instruments shall be undertaken. Derivative financial liabilities have been classified as fair value through profit and loss. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values, are as follows:

	30 December 2018 £'m	31 December 2017 £'m
Group		
Interest rate swaps	**2.1**	1.8
Company		
Interest rate swaps	**2.1**	1.8

22 Loans and borrowings

	30 December 2018 £'m	31 December 2017 £'m
Group		
Secured bank loans	**215.6**	205.8
Unsecured loans	**0.6**	1.0
Finance leases	**2.5**	3.4
	218.7	210.2

Secured bank loans

	30 December 2018 £'m	31 December 2017 £'m
Secured bank loans maturity:		
Repayable in more than one year but not more than two years	**4.7**	3.7
Repayable in more than two years but not more than five years	**207.7**	199.9
	212.4	203.6
Repayable in one year or less	**3.2**	2.2
	215.6	205.8

The secured bank loans held at 30 December 2018 are repayable as follows:

	30 December 2018 £'m	31 December 2017 £'m
LIBOR + 2.75% repayable December 2016 to June 2021	**16.5**	18.0
LIBOR + 2.90% repayable September 2021	**202.5**	192.5
	219.0	210.5
Less finance costs allocated to future periods	**(3.4)**	(4.7)
	215.6	205.8

The secured bank loans held at 30 December 2018 are secured by fixed and floating charges over assets held by the Group.

At 30 December 2018, the Group had available £5,000,000 (31 December 2017: £5,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group also had available £nil (31 December 2017: £10,000,000) of undrawn committed capex facility. The capex facility is available as a source of funding for development of property, plant and equipment. Both of these facilities expire during September 2021.

Unsecured loans

	30 December 2018 £'m	31 December 2017 £'m
Unsecured loan maturity:		
Repayable in more than one year but not more than two years	**0.2**	0.4
Repayable in more than two years but not more than five years	**-**	0.2
	0.2	0.6
Repayable in one year or less	**0.4**	0.4
	0.6	1.0

The unsecured loan is repayable in equal monthly instalments of £31,000 until September 2020. No interest is charged on the unsecured loan.

22 Loans and borrowings (continued)

Finance leases

	30 December 2018 £'m	31 December 2017 £'m
Finance lease maturity:		
Repayable in more than one year but not more than two years	**0.9**	0.8
Repayable in more than two years but not more than five years	**0.8**	1.6
Repayable in more than five years	**-**	0.1
	1.7	2.5
Repayable in one year or less	**0.8**	0.9
	2.5	3.4

The finance leases are repayable as follows:

	30 December 2018 £'m	31 December 2017 £'m
6-7% finance leases repayable January 2011 to October 2023	**2.0**	2.6
8% finance leases repayable May 2013 to December 2018	**-**	0.2
11% finance leases repayable February 2016 to January 2021	**0.8**	1.2
	2.8	4.0
Less finance costs allocated to future periods	**(0.3)**	(0.6)
	2.5	3.4

The finance leases are secured by charges over specific related assets.

The Group's financial risk management policies for liquidity and interest rate risks associated with financial liabilities are discussed in note 24.

	30 December 2018 £'m	31 December 2017 £'m
Company		
Secured bank loans	**86.3**	75.0
Finance leases	**0.7**	1.2
	87.0	76.2

22 Loans and borrowings (continued)

Secured bank loans	30 December 2018 £'m	31 December 2017 £'m
Secured bank loans maturity:		
Repayable in more than one year but not more than two years	-	-
Repayable in more than two years but not more than five years	86.3	75.0
	86.3	75.0
Repayable in one year or less	-	-
	86.3	75.0

The secured bank loans are repayable as follows:

	30 December 2018 £'m	31 December 2017 £'m
LIBOR + 2.90% repayable September 2021	89.7	79.7
	89.7	79.7
Less finance costs allocated to future periods	(3.4)	(4.7)
	86.3	75.0

The secured bank loans held at 30 December 2018 are secured by fixed and floating charges over assets held by the Group.

At 30 December 2018, the Company had available £5,000,000 (31 December 2017: £5,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Company also had available £nil (31 December 2017: £10,000,000) of undrawn committed capex facility. The capex facility is available as a source of funding for development of property, plant and equipment. Both of these facilities expire during September 2021.

Finance leases	30 December 2018 £'m	31 December 2017 £'m
Finance lease maturity:		
Repayable in more than one year but not more than two years	0.3	0.3
Repayable in more than two years but not more than five years	0.1	0.4
	0.4	0.7
Repayable in one year or less	0.3	0.5
	0.7	1.2

The finance leases are repayable as follows:

	30 December 2018 £'m	31 December 2017 £'m
8% finance leases repayable May 2013 to December 2018	-	0.2
11% finance leases repayable February 2016 to January 2021	0.8	1.2
	0.8	1.4
Less finance costs allocated to future periods	(0.1)	(0.2)
	0.7	1.2

The finance leases are secured by charges over specific related assets.

23 Deferred revenue

	30 December 2018 £'m	31 December 2017 £'m
Group		
Opening balance	**10.8**	11.7
Credited to income statement	**(0.7)**	(0.9)
Closing balance	**10.1**	10.8

	30 December 2018 £'m	31 December 2017 £'m
Current	**0.7**	0.7
Non-current	**9.4**	10.1
	10.1	10.8

24 Financial instruments - risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, fixed and floating rate borrowings, interest rate swaps and equity instruments.

The Group is exposed to a number of risks associated with these financial instruments. In particular the Group is exposed to credit risk, market risk and liquidity risk. The Group operates solely within the UK and has minimal exposure to foreign currency transactions, which eliminates exposure to foreign exchange risk. The Group's management team oversees the management of these risks and is supported on a day-to-day basis by the treasury function.

The treasury function is provided centrally for the Group as a whole, this includes Roadchef Limited and all of its subsidiaries. The treasury objective is to ensure that risks are reduced to a minimum. The Group does not use complex financial instruments in the management of these exposures. The exposures and measures taken by the Group to mitigate them are reviewed by the board of the Group on a regular basis. The Group does not enter into transactions of a speculative nature, nor trades in financial instruments.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade receivables of £3.5m (31 December 2017: £3.9m), which represent the Group's maximum exposure to credit risk in relation to financial assets.

Trade receivables are made up of credit card receivables, invoiced sales not yet collected, and rebates due from suppliers. Credit card receivables are held with blue-chip companies and are collected in 3-5 days after a sale being recorded; card receivables represent a low level of credit risk to the business. Invoiced sales and supplier rebates are generally on 30 day terms from point of billing. Customers who do not pay within their terms of credit are individually assessed by management and a provision for impairment made as necessary. Historic experience of invoiced sales and supplier rebates would indicate a low level of credit risk to the business. No collateral or other credit enhancements are held.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For the Group, financial instruments affected by market risk are loans and borrowings, and derivatives.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by maintaining a balanced portfolio of fixed to floating rate borrowings, with varying rates of maturity. For long-term borrowings subject to floating rates of interest, interest rate swaps are used to fix at least 70% of variable rate debt held.

At 30 December 2018, after taking into account the effect of interest rate swaps and including finance leases held, approximately 75% of the Group's borrowings are at a fixed rate of interest (31 December 2017: 78%).

24 Financial instruments - risk management (continued)

Interest rate sensitivity

After taking into account the effect of interest rate swaps, with all other variables held constant, a 50 basis-point shift would result in an increase or decrease of the Group's profit before tax of £0.3m through the impact on floating rate borrowings (31 December 2017: £0.2m).

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment and represents the maximum reasonable expectation of changes in interest rates.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's objective is to manage maturity of its borrowing arrangements to ensure sufficient cash is available to meet liabilities as they fall due. The Group uses forecasts and projections by way of a detailed 12 month cash flow forecast as well as a five year business plan to identify future cash requirements. The Group also seeks to reduce liquidity risk by fixing a proportion of its borrowings to bring more certainty over future cash flows.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months £'m	Between 3 and 12 months £'m	Between 1 and 5 years £'m	Over 5 years £'m	Total £'m
At 30 December 2018					
Creditors - amounts falling due within one year	75.0	-	-	-	75.0
Loans and borrowings	3.2	10.0	218.4	-	231.6
	78.2	10.0	218.4	-	306.6

	Up to 3 months £'m	Between 3 and 12 months £'m	Between 1 and 5 years £'m	Over 5 years £'m	Total £'m
At 31 December 2017					
Creditors - amounts falling due within one year	41.3	-	-	-	41.3
Creditors - amounts falling due in more than one year	-	-	36.4	-	36.4
Loans and borrowings	0.6	11.7	229.5	0.1	241.9
	41.9	11.7	265.9	0.1	319.6

Company

The Company's principal financial instruments comprise cash and cash equivalents, receivables, trade and other payables, fixed and floating rate borrowings, interest rate swaps and equity instruments.

The Company's management of risks is as disclosed for the Group.

25 Fair value measurement

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values by virtue of their short-term nature:

Group	30 December 2018 Carrying amount £'m	Fair value £'m
Financial liabilities		
Secured bank loans	215.6	216.8
Unsecured loans	0.6	0.6
Finance leases	2.5	2.7
	218.7	220.1

	31 December 2017 Carrying amount £'m	Fair value £'m
Financial liabilities		
Secured bank loans	205.8	205.8
Unsecured loans	1.0	1.0
Finance leases	3.4	3.7
	210.2	210.5

It has been assessed that cash, trade receivables and other receivables, trade payables and other payables and bank overdrafts approximately equal their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of interest rate swaps is the mark-to-market value, which is arrived at using valuation techniques which employs the use of market observable inputs.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Fair value measurement using		
30 December 2018	**Quoted prices in active markets (Level 1) £'m**	**Significant observable inputs (Level 2) £'m**	**Significant unobservable inputs (Level 3) £'m**
Assets measured at fair value:			
Interest rate swaps	-	2.1	-
Liabilities for which fair values are disclosed:			
Secured bank loans	-	216.8	-
Unsecured loans	-	0.6	-
Finance leases	-	2.7	-

	Fair value measurement using		
31 December 2017	**Quoted prices in active markets (Level 1) £'m**	**Significant observable inputs (Level 2) £'m**	**Significant unobservable inputs (Level 3) £'m**
Liabilities measured at fair value:			
Interest rate swaps	-	1.8	-
Liabilities for which fair values are disclosed:			
Secured bank loans	-	205.8	-
Unsecured loans	-	1.0	-
Finance leases	-	3.7	-

There have been no transfers between fair value hierarchy levels during the year ended 30 December 2018 (31 December 2017: none).

26 Ordinary shares

	30 December 2018 £'m	31 December 2017 £'m
Group and Company		
Authorised		
1,000,000,000 (31 December 2017: 1,000,000,000) ordinary shares of £0.10 each	**100.0**	100.0
Group and Company		
Allotted, called up and fully paid		
341,000,000 (31 December 2017: 341,000,000) ordinary shares of £0.10 each	**34.1**	34.1

There are no restrictions on the voting rights or economic rights of issued capital.

27 Reserves

Group	Capital reserve £'m	Revaluation reserve £'m	Accumulated losses £'m	Total £'m
At 31 December 2017	1.6	124.0	(89.2)	36.4
Loss for the financial year	-	-	(5.0)	(5.0)
Property impairment	-	(4.3)	-	(4.3)
Actuarial gain on pension scheme	-	-	0.1	0.1
IFRIC 14 pension scheme adjustment	-	-	0.3	0.3
Tax on components of other comprehensive expense	-	0.6	(0.1)	0.5
Reserves transfer	(1.4)	(5.3)	6.7	-
At 30 December 2018	**0.2**	**115.0**	**(87.2)**	**28.0**

Company	Capital reserve £'m	Retained earnings £'m	Total £'m
At 31 December 2017	1.4	128.4	129.8
Change in accounting policy (note 29)	-	(6.8)	(6.8)
Loss for the financial year	-	(7.6)	(7.6)
Reserves transfer	(1.4)	1.4	-
At 30 December 2018	**-**	**115.4**	**115.4**

Accumulated charges from the unwinding of loans discounted at 31 December 2017 have been transferred to capital reserve.

28 Pension schemes

Defined contribution schemes

The Group operates a number of defined contribution pension schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension charge for the year for these schemes amounted to £0.8m (31 December 2017: £0.6m). An amount of £0.1m (31 December 2017: £nil) is owed to the pension schemes at the year end.

Defined benefit schemes

Roadchef Motorways Holdings Limited

The Group operates a defined benefit pension scheme providing benefits at retirement and on death-in-service. The assets of the scheme are held separately from those of the Group, being invested with an insurance company. The most recent actuarial valuation was 31 May 2017.

The scheme is closed to new entrants and during 2013 the scheme closed to the future accrual of benefits for active members. Active members of the schemes do not have their benefits linked to salary.

The pension contributions for the year in respect of this scheme were £1.3m (31 December 2017: £1.0m).

The market value of the scheme's assets as at 31 May 2017 was £29.2m. The actuarial value of the assets as at 31 May 2017 represented 89% of the accrued benefits.

The actuarial valuations described above have been updated at 30 December 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. Investments have been valued, for this purpose, at fair value. The valuation of the scheme as at 30 December 2018 is a deficit of £0.1m (31 December 2017: £1.3m).

The major assumptions used by the actuary were:

	30 December 2018	31 December 2017
Rate of increase in 5% capped pensions in payment	**3.10%**	3.00%
Rate of increase in 2.5% capped pensions in payment	**2.10%**	2.10%
Discount rate	**2.90%**	2.60%
Inflation assumption (retail price index)	**3.20%**	3.20%
Inflation assumption (consumer price index)	**2.10%**	2.10%

Sensitivity analysis for the significant assumptions is as follows:

	Effect on obligation	
	30 December 2018 £'m	31 December 2017 £'m
Discount rate - 0.1% increase	**(0.5)**	(0.6)
Inflation assumptions - 0.1% increase	**0.4**	0.4
Life expectancy - 1 year increase	**1.0**	1.1

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

In addition to the above financial assumptions, the principal demographic assumptions used by the actuary relate to post-retirement member mortality and are as follows:

	30 December 2018	31 December 2017
Active and deferred members	**S2MA + CMI_2017 with 1.25% long term rate**	S2MA + CMI_2016 with 1.25% long term rate
Pensioners	**S2MA + CMI_2017 with 1.25% long term rate**	S2MA + CMI_2016 with 1.25% long term rate

28 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

For the year ended 30 December 2018 the S2MA Year of Birth tables were used, with an allowance for improvements in mortality using CMI_2017 rates subject to a 1.25% long term trend rate. A male member aged 45 at the accounting date would be expected to live for another 23.5 years after reaching age 65 and a male member aged 65 at the valuation date would be expected to live for another 22.1 years. A female aged 45 at the accounting date would be expected to live for another 25.7 years after reaching age 65 and a female member aged 65 at the valuation date would be expected to live for another 24.2 years.

The investment of scheme assets is managed by the trustees of the scheme. The trustees' investment objective is to ensure that the plans have adequate resources to meet their liabilities and thereafter to maximise the long-term total rate of return on the assets. Investment risk is managed by diversifying the assets across asset classes whose return patterns are not highly correlated.

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were:

	30 December 2018 £'m	31 December 2017 £'m
Equities	**7.1**	9.3
Diversified growth funds	**6.9**	7.4
Bonds	**5.4**	4.0
Liability driven investments	**8.8**	8.7
Cash	**0.5**	0.1
Total market value of assets	**28.7**	29.5
Present value of scheme liabilities	**(28.8)**	(30.8)
Deficit in the scheme	**(0.1)**	(1.3)

Changes in fair value of the plan assets are analysed as follows:

	30 December 2018 £'m	31 December 2017 £'m
Opening fair value of scheme assets	**29.5**	27.3
Interest on plan assets	**0.8**	0.7
Actuarial (losses)/ gains	**(1.8)**	1.7
Contributions by employer	**1.3**	1.0
Expenses	**(0.4)**	(0.3)
Benefits paid	**(0.7)**	(0.9)
Closing fair value of scheme assets	**28.7**	29.5

Changes in fair value of the plan liabilities are analysed as follows:

	30 December 2018 £'m	31 December 2017 £'m
Opening fair value of scheme liabilities	**30.8**	31.6
Interest on pension liabilities	**0.8**	0.8
Actuarial gains	**(2.1)**	(0.7)
Benefits paid	**(0.7)**	(0.9)
Closing fair value of scheme liabilities	**28.8**	30.8

28 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

The following entries have been made in the financial statements:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Operating profit		
Expenses	**(0.4)**	(0.3)
Total operating charge	**(0.4)**	(0.3)
Other finance credits/ (charges)		
Interest on plan assets	**0.8**	0.7
Interest on pension liabilities	**(0.8)**	(0.8)
Net finance result	**-**	(0.1)

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Statement of other comprehensive income (OCI)		
Actual return less expected return on pension assets	**(1.8)**	1.7
Experience gains arising on pension scheme liabilities	**0.2**	0.1
Changes in assumptions underlying the present value of the scheme's liabilities	**1.9**	0.6
Actuarial gain recognised in OCI	**0.3**	2.4

Movement in deficit in the year:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Opening plan deficit	**1.3**	4.3
Contributions	**(1.3)**	(1.0)
Expenses	**0.4**	0.3
Net finance result	**-**	0.1
Actuarial gains	**(0.3)**	(2.4)
Closing plan deficit	**0.1**	1.3

The Group has recognised a deferred tax asset on pensions of £nil (31 December 2017: £0.2m) on the basis that the directors believe that this asset will be recoverable in future years.

28 Pension schemes (continued)

Roadchef Motorways Holdings Limited (continued)

Details of experience gains and losses:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Difference between the expected and actual return in scheme assets:		
- amount	**(1.8)**	1.7
Experience gains on liabilities		
- amount	**0.2**	0.1
Total amount recognised in OCI		
- amount	**0.3**	2.4
- as a percentage of scheme liabilities	**1%**	8%

As at 30 December 2018 the number of active members in the scheme was nil (31 December 2017: nil). As such no contributions are anticipated in respect of pensionable earnings.

Contributions in respect of the shortfall in funding, inclusive of expenses, for the year ended 30 December 2018 were fixed amounts of £70,500 monthly until October 2018. Contributions from November 2018 were £88,833 monthly as well as a one off lump sum payment of £371,161 in November 2018. The agreed contribution rate for the next year is £88,833 monthly.

Should a surplus of funds be reached, the trustees of the scheme may refund to the Group amounts held in excess of requirements giving consideration to scheme obligations.

Blue Boar Motorways Limited

Blue Boar Motorways Limited operates a defined benefit pension scheme providing benefits at retirement and on death-in-service. The assets of the scheme are held separately from those of the Group, being invested with an insurance company. The most recent actuarial valuation was at 31 May 2017.

An allowance of £0.2m (31 December 2017: £nil) has been made in the year for estimated costs relating to GMP inequalities in the scheme.

The scheme is closed to new entrants and during 2013 the scheme closed to the future accrual of benefits for active members. Active members of the schemes have retained their link between benefits and salary.

The pension contributions for the year in respect of this scheme were £0.5m (31 December 2017: £0.4m).

The market value of the scheme's assets as at 31 May 2017 was £7.1m and this was sufficient to cover 87% of the benefits that had accrued to members.

The actuarial valuations described above have been updated at 30 December 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. Investments have been valued, for this purpose, at fair value. The valuation of the scheme as at 30 December 2018, excluding the impact of the IFRIC 14 asset limit, is a deficit of £0.3m (31 December 2017: £0.2m).

The major assumptions used by the actuary were:

	30 December 2018	31 December 2017
Rate of increase in 5% capped pensions in payment	**3.10%**	3.00%
Rate of increase in 2.5% capped pensions in payment	**2.10%**	2.10%
Discount rate	**2.80%**	2.50%
Inflation assumption (retail price index)	**3.20%**	3.10%
Inflation assumption (consumer price index)	**2.10%**	2.00%

28 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

Sensitivity analysis for the significant assumptions is as follows:

	Effect on obligation	
	30 December 2018 £'m	31 December 2017 £'m
Discount rate - 0.1% increase	**(0.1)**	(0.1)
Inflation assumptions - 0.1% increase	**-**	-
Life expectancy - 1 year increase	**0.3**	0.3

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

In addition to the financial assumptions, the principal demographic assumptions used by the actuary relate to post-retirement member mortality.

	30 December 2018	31 December 2017
Active and deferred members	**S2MA + CMI_2017 with 1.25% long term rate**	S2MA + CMI_2016 with 1.25% long term rate
Pensioners	**S2MA + CMI_2017 with 1.25% long term rate**	S2MA + CMI_2016 with 1.25% long term rate

For the year ended 30 December 2018 the S2MA Year of Birth tables were used, with an allowance for improvements in mortality using CMI_2017 rates subject to a 1.25% long term trend rate. A male member aged 45 at the accounting date would be expected to live for another 23.5 years after reaching age 65 and a male member aged 65 at the valuation date would be expected to live for another 22.1 years. A female aged 45 at the accounting date would be expected to live for another 25.7 years after reaching age 65 and a female member aged 65 at the valuation date would be expected to live for another 24.2 years.

The investment of scheme assets is managed by the trustees of the scheme. The trustees' investment objective is to ensure that the plans have adequate resources to meet their liabilities and thereafter to maximise the long-term total rate of return on the assets. Investment risk is managed by diversifying the assets across asset classes whose return patterns are not highly correlated.

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were:

	30 December 2018 £'m	31 December 2017 £'m
Equities	**1.5**	2.4
GARS	**1.6**	1.7
Bonds	**2.2**	1.4
Liability driven investment	**1.5**	1.7
Cash	**0.1**	-
Total market value of assets	**6.9**	7.2
Present value of scheme liabilities	**(7.2)**	(7.4)
IFRIC 14 asset limit	**(0.1)**	(0.4)
Deficit in the scheme	**(0.4)**	(0.6)

28 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

Changes in fair value of the plan assets are analysed as follows:

	30 December 2018 £'m	31 December 2017 £'m
Opening fair value of scheme assets	7.2	6.6
Interest on plan assets	0.2	0.2
Actuarial (losses) /gains	(0.5)	0.4
Contributions by employer	0.5	0.4
Benefits paid	(0.3)	(0.3)
Expenses	(0.2)	(0.1)
Closing fair value of scheme assets	6.9	7.2

Changes in fair value of the plan liabilities are analysed as follows:

	30 December 2018 £'m	31 December 2017 £'m
Opening fair value of scheme liabilities	7.4	7.6
Interest on pension liabilities	0.2	0.2
Actuarial gains	(0.3)	(0.1)
Benefits paid	(0.3)	(0.3)
Past service costs	0.2	-
Closing fair value of scheme liabilities	7.2	7.4

Movement in IFRIC 14 asset limit are as follows:

	30 December 2018 £'m	31 December 2017 £'m
Opening asset limit	0.4	-
Movement	(0.3)	0.4
Closing asset limit	0.1	0.4

The following entries have been made in the financial statements:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Operating profit		
Past service costs	(0.2)	-
Expenses	(0.2)	(0.1)
Total operating charge	(0.4)	(0.1)
Other finance credits/ (charges)		
Interest on plan assets	0.2	0.2
Interest on pension liabilities	(0.2)	(0.2)
Net finance result	-	-

28 Pension schemes (continued)

Blue Boar Motorways Limited (continued)

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Statement of other comprehensive income (OCI)		
Actual return less expected return on pension assets	(0.5)	0.4
Changes in assumptions underlying the present value of the scheme's liabilities	0.3	0.1
IFRIC 14 impact	0.3	(0.4)
Actuarial gain recognised in OCI	0.1	0.1

Movement in deficit in the year:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Opening plan deficit	0.6	1.0
Contributions	(0.5)	(0.4)
Operating expenses	0.4	0.1
Actuarial gains	(0.1)	(0.1)
Closing plan deficit	0.4	0.6

The Group has recognised a deferred tax asset on pensions of £0.1m (31 December 2017: £0.1m) on the basis that the directors believe that this asset will be recoverable in future years.

Details of experience gains and losses:

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Difference between the expected and actual return in scheme assets:		
- amount	(0.5)	0.4
Experience gains on liabilities		
- amount	-	-
Total amount recognised in OCI		
- amount	0.1	0.1
- as a percentage of scheme liabilities	1%	1%

As at 30 December 2018 the number of active members in the scheme was nil (31 December 2017: nil). As such no contributions are anticipated in respect of pensionable earnings.

Contributions in respect of the shortfall in funding, inclusive of expenses, for the year ended 30 December 2018 were amounts of £21,923 four-weekly plus £10,000 monthly until October 2018. Contributions from November 2018 were £38,917 monthly as well as a one off lump sum payment of £87,839 in November 2018. The agreed contribution rate for the next year is £38,917 monthly.

The weighted average duration of the expected benefit payments from both the defined benefit pension schemes is approximately 20 years.

29 Changes in accounting policies

The Group and Company has applied the following standards for the first time in the year ending 30 December 2018:

IFRS 9 '*Financial Instruments*'; and
IFRS 15 '*Revenue from Contracts with Customers*'.

There has been no impact on amounts recognised by the Group or Company in the current or prior year from adopting IFRS 15 and no significant impact is expected in future periods. There has been no impact on amounts recognised by the Group in the current or prior year from adopting IFRS 9 and no significant impact is expected in future periods.

As previously disclosed, amounts in respect of customer discounts have been recognised within cost of sales and administrative expenses. On adoption of IFRS 15 and the greater clarity provided in respect of the treatment of variable consideration, such discounts have been recorded against revenue. Had management have not made this adjustment during the current year, revenue would have been £2.1m higher; cost of sales £1.5m higher; and administrative expenses £0.6m higher. There would have been no impact on profit before tax or EBITDA.

The adoption of IFRS 9 from 1 January 2018 has resulted in adjustments to the amounts recognised in the financial statements of the Company. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated but are recognised in the opening balance sheet on 1 January 2018.

The total impact on the Company's balance sheet as at 1 January 2018 is as follows:

	31 December 2017 £'m	**IFRS 9 transition adjustment £'m**	1 January 2018 £'m
Company Balance Sheet			
Debtors - amounts falling due within one year			
Amounts owed by group companies	41.3	**(6.8)**	34.5
Net assets	163.9	**(6.8)**	157.1
Equity			
Retained earnings	128.4	**(6.8)**	121.6
Total equity	163.9	**(6.8)**	157.1

IFRS 9 transition adjustments are in respect of impairment provisions recognised on amounts owed from group companies.

30 Operating lease commitments

The Group receives rental income on several forecourts leased to third parties under non-cancellable operating leases. The total contingent rents recognised as income during the year is £6.9m (31 December 2017: £5.7m). Contingent rentals are linked to the sales and gross margin performance of lessees. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	30 December 2018 Land and buildings £'m	31 December 2017 Land and buildings £'m
Within one year	**0.9**	0.9
Between one and five years	**3.5**	3.5
After more than five years	**12.7**	13.6
	17.1	18.0

The Group makes contingent rental payments for land and buildings to a third party under a non-cancellable operating lease. The total contingent rents charged to administrative expenses during the year is £2.6m (31 December 2017: £2.5m). Contingent rentals are linked to the sales of the Group.

The Group is a lessee with future minimum rentals payable under non-cancellable operating leases as follows:

	30 December 2018		Restated 31 December 2017	
	Land and buildings £'m	**Plant and machinery £'m**	Land and buildings £'m	Plant and machinery £'m
Within one year	**0.5**	**0.5**	-	0.4
Between one and five years	**0.6**	**0.5**	0.1	0.3
After more than five years	**2.6**	**-**	2.5	-
	3.7	**1.0**	2.6	0.7

Amounts in respect of rental payments contingent on future sales have been presentationally disclosed as contingent liabilities during the current year rather than operating lease commitments. The comparative for operating lease commitments has been restated to reflect this change in presentation.

31 Directors' advances

The Company has made available interest-free loans to the directors. Annual repayment of the utilised loan amounts is required with final settlement of the loan required by 30 September 2024. Movements in the loan balances are as follows:

	Year ended 31 December 2017 £000's	**Drawings £000's**	**Repayments £000's**	**Year ended 30 December 2018 £000's**
M Fox	-	200	(50)	**150**
S Turl	51	100	(39)	**112**
I McKay	62	25	(18)	**69**
R Tindale	77	63	(22)	**118**
J Muirhead	63	50	(19)	**94**
	253	**438**	**(148)**	**543**

32 Related party disclosures

In addition to transactions with directors, disclosed in notes 8 and 31, the following related party transactions and balances have occurred:

Group

		Amounts owed to related parties £'m
Parent entity		
Roadchef Bidco Limited	**30 December 2018**	**58.0**
	31 December 2017	59.2

Company

		Management charges received £'m	Amounts owed from related parties £'m	Amounts owed to related parties £'m
Parent entity				
Roadchef Bidco Limited	**30 December 2018**	**-**	**-**	**39.3**
	31 December 2017	-	-	37.5
Subsidiary entities	**30 December 2018**	**10.6**	**41.4**	**74.5**
	31 December 2017	10.2	41.3	68.7

33 Contingent liabilities

Along with other group companies, the Company has guaranteed the bank loans and overdrafts of certain fellow group companies. The aggregate amount outstanding as at 30 December 2018 was £129,300,000 (31 December 2017: £130,800,000). The directors consider the likelihood of any financial liability arising in respect of these to be remote.

34 Post balance sheet events

On 31 January 2019 the Group and Company refinanced its bank borrowings. New bank borrowings of £236.8m have been obtained which are repayable in 2024. Existing bank borrowings have been repaid.

After giving consideration to both the quantitative and qualitative impact of the refinance, the relevant financial liabilities held immediately prior to the refinance shall be extinguished. As a result, existing unamortised finance costs of £3.3m have been charged to finance costs after the reporting date.

35 Control

The immediate parent company is Roadchef Bidco Limited, a company registered in England and Wales. Copies of these financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The largest and smallest group in which the results of the Group are consolidated is that headed by Roadchef Topco Limited. Copies of these financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

As at 30 December 2018, Antin Infrastructure Partners Luxembourg III S.a.r.l is considered to be the ultimate controlling party, a company registered in Luxembourg.

36 Reconciliation of operating profit to net cash inflow from operating activities

Group

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Operating profit	**6.3**	6.8
Amortisation of intangible assets	**1.4**	1.4
Depreciation of property, plant and equipment	**25.7**	24.4
Property impairments	**1.6**	-
Amortisation of deferred revenue	**(0.7)**	(0.9)
Difference between pension charge and cash contribution	**(1.0)**	(0.9)
Increase in inventories	**-**	(0.2)
Increase in receivables	**(1.0)**	(1.8)
(Decrease)/ increase in payables	**(0.2)**	3.6
Corporation tax paid	**(0.8)**	(0.4)
Net cash inflow from operating activities	31.3	32.0

Company

	Year ended 30 December 2018 £'m	Year ended 31 December 2017 £'m
Operating loss	**(3.4)**	(2.2)
Amortisation of intangible assets	**1.3**	1.3
Depreciation of property, plant and equipment	**0.2**	0.2
Increase in receivables	**(1.8)**	(0.1)
Increase in payables	**1.5**	0.6
Increase/ (decrease) in amounts owing to group companies	**0.7**	(11.6)
Net cash outflow from operating activities	(1.5)	(11.8)